



# ***Daily Report***

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## **China**

FBIS-CHI-95-067  
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# Daily Report

## China

FBIS-CHI-95-067

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## General

### Further From Foreign Ministry Spokesman

#### Comments on Security Assurances

OW0604122595 Beijing XINHUA Domestic Service in Chinese 0928 GMT 6 Apr 95

[FBIS Translated Text] Beijing, 6 Apr (XINHUA)—Foreign Ministry spokesman Chen Jian said at a press briefing here today that China's statement on security assurances is conducive to enhancing international peace, security, and stability; and facilitating the realization of the goal of complete prohibition and thorough destruction of nuclear weapons.

Fielding a XINHUA reporter's question about the significance of China's national statement on security assurances, Chen Jian said: "It is China's consistent stand to give unconditional security assurances to non-nuclear states. China's statement on security assurances is conducive to enhancing international peace, security, and stability; and to facilitating the realization of the goal of complete prohibition and thorough destruction of nuclear weapons."

He added: Security assurances to non-nuclear states are an important issue, and it is natural that nuclear states give unconditional security assurances to non-nuclear states. A unanimous stand and action by the five nuclear states on this issue can promote the security of non-nuclear states and the peace and security of the world.

#### Further Comments on Security

OW0604130295 Beijing XINHUA in English 1241 GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—China's statement on providing unconditional security guarantees to non-nuclear weapons states is beneficial to the achievement of the goal of comprehensive prohibition and thorough destruction of nuclear weapons.

Chinese Foreign Ministry Spokesman Chen Jian made this remark at the weekly press conference today when asked about the significance of China's statement, which was made yesterday.

"It is the consistent position of the Chinese government to make unconditional security guarantees to non-nuclear weapon states, and by making this statement, we believe, it is beneficial to achieving the goal of comprehensive prohibition and thorough destruction of nuclear weapons, and will be conducive to the maintenance of peace and stability in the world," he said.

"The security of non-nuclear weapon states is a crucial issue, and at this point the nuclear weapon states have every reason to provide unconditional security guarantees to those countries," Chen noted.

"By taking concerted or consistent positions and actions on this question, the five nuclear powers can help increase the security of the non-nuclear weapon states, and promote international peace and security as well," the spokesman said.

#### Daya Bay Closure Said Routine

HK0604113095 Hong Kong AFP in English 1040 GMT 6 April 95

[FBIS Transcribed Text] Beijing, April 6 (AFP)—Chinese authorities said on Thursday that the shutting down of two reactors at the Daya Bay facility in the south of the country near Hong Kong "has nothing to do with the issue of safety."

"The safety of the Daya Bay plant is strictly in accordance with international standards and is fully guaranteed," foreign ministry spokesman, Chen Jian, said at a daily press conference. Right now the two generators are under normal outage for refuelling and maintenance... so this has nothing to do with the issue of safety," he said.

The Daya Bay facility which was built by a Franco-British consortium in southern China's Guangdong province, some 50 kilometres (30 miles) from Hong Kong, is equipped with two 900-megawatt reactors, which became operational last year.

The first reactor was shut down in December for refuelling but technical problems have prevented it from starting up again. The second reactor was turned off on Tuesday, again for refuelling, a process which experts say takes around four to five weeks.

French firm Framatome, which provided the two reactors and Electricite de France (EDF), which is responsible for maintenance of the project, have sent technicians to Daya Bay to deal with the first reactor.

In January, Framatome and Franco-British firm, GEC-Alsthom, sealed a contract for the construction of a second plant, comprising two 1000-megawatt reactors, at Lingao, five kilometres (3 miles) from Daya Bay.

#### Daya Bay Plant Said Safe

OW0604130095 Beijing XINHUA in English 1241 GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese Foreign Ministry Spokesman Chen Jian said here today that the safety of the Daya Bay Nuclear Power Plant is fully guaranteed.

Chen made the comment at a weekly press briefing here this afternoon.

Right now, the two generating sets of Daya Bay Nuclear Power Plant are "under normal outage for refueling and maintenance, so it has nothing to do with the issue of safety," he said.

"The safety of the plant is strictly with international standards and is fully guaranteed," Chen noted.

#### **Enforcement Vessels Prohibited**

*OW0604130895 Beijing XINHUA in English 1253  
GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese Foreign Ministry spokesman Chen Jian said today that it is the consistent position of the Chinese side that China's border control personnel and vessels cannot enter Hong Kong waters to enforce the law.

The spokesman's remark came at a weekly press conference, when he was asked to comment on a report that marine police from Zhuhai City in Guangdong Province had entered Hong Kong waters, and was asked what the Chinese side would do to forestall any further occurrence of such cases.

"As far as I know, the fact is that on this occasion the Chinese side detained two smugglers' boats in Chinese waters, and not in waters under the present jurisdiction of Hong Kong," Chen said.

"For issues of border control between Guangdong Province and Hong Kong, there always exist channels between the two sides, and they should be settled through meetings and coordinated efforts," he added.

"We hope that the British side will adopt an attitude of co-operation and mutual accommodation for the proper settlement of the case instead of politicizing this isolated border control case," the spokesman said.

#### **Premier, Kuwaiti Official Meet**

*OW0604140495 Beijing XINHUA in English 1340  
GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese Premier Li Peng and visiting Kuwaiti Crown Prince and Prime Minister Shaykh Sa'd al-'Abdallah al-Salim al-Sabah held talks here today.

According to a spokesman for the Chinese Foreign Ministry, the two leaders exchanged views on bilateral relations as well as regional and international issues.

Li extended a warm welcome to Shaykh Sa'd, who is visiting China for the first time. Li expressed the belief that the visit would further promote the friendship and co-operation between the two countries.

Li, who visited Kuwait in 1991, expressed thanks to the Kuwaiti Government and Shaykh Sa'd for the warm welcome he had received. The premier also said he was happy to see Kuwait's quick recovery after the Gulf War, and that he was satisfied with the smooth development of bilateral ties.

Sheikh Sa'd said he was happy to visit China and meet Li after four years. He thanked the Chinese Government and people for their support for Kuwait.

He expressed the belief that the existing friendly relations and co-operation between the two nations would extend to all fields.

Li said that there are good economic co-operation and trade ties between China and Kuwait.

China's economy is growing steadily, and energy is one of the major areas in China's economic development, Li told his guest. He added that petroleum and petroleum products will be in greater demand so there is immense potential for the two countries to co-operate in this area.

"Kuwait can regard China as a reliable partner and a stable market," Li was quoted as saying.

Li went on that the world is now undergoing complicated and profound changes after the Cold War. Despite the overall trend of detent, he said, regional conflicts continue to exist and some of them are growing more serious, so the world is not peaceful.

China is now focusing on economic construction and needs a long-term international environment of peace, Li said, and the efforts of the developing countries for economic takeoff demand world peace and stability.

In this regard, he noted, peace and development are the two major themes in today's world and the common goals of the international community.

The premier also noted that it is a country's internal affair how it determines its way of development and social system, and other countries have no right to interfere in such affairs.

Conflicts among different countries, on the other hand, should be resolved through peaceful means, Li said.

Based on this position, the premier said, China supports Kuwait's independence, sovereignty and territorial integrity, and holds that the post-war problems should be settled according to relevant resolutions of the UN Security Council in order to bring peace and stability to the Gulf region at an early date.

Shaykh Sa'd briefed Li on the situation in the Gulf region and stated his country's position on relevant issues. He said he agreed with Li's position on the issues and hoped that China would continue to play its role in maintaining peace and stability in the Gulf region.

Li thanked the Kuwaiti Government for its "one China" policy. Sheikh Sa'd said his government fully understands and will continue to support China's position on the Taiwan issue.

Shaykh Sa'd invited Li to visit Kuwait again, and Li accepted the invitation.

Also present at the talks were Chinese Vice-Premier Li Lanqing and government officials in charge of the power industry, petroleum industry and foreign trade. Shaykh Sa'd's entourage, including the Kuwaiti ministers of planning, oil, trade and industry, were also present.

In the evening, Premier Li Peng hosted a banquet in honor of the Kuwaiti guests.

#### **Britain 'Politicising' Incursion**

HK0704105195 Hong Kong SOUTH CHINA  
MORNING POST in English 7 Apr 95 p 2

[By Jasper Becker in Beijing and Naomi Lee]

[FBIS Transcribed Text] The Chinese Foreign Ministry accused Britain yesterday of politicising an incident which Hong Kong officials say involved the abduction of two local seamen from the territory's waters.

Beijing repeated its denial that the arrest of two Hong Kong seamen took place in Hong Kong waters.

S. spokesman Chen Jian said that the Chinese naval patrol detained the men in Chinese waters.

Mr Chen criticised Britain for raising the issue in the Joint Liaison Group meeting this week.

"We hope that the British side will show a co-operative attitude and mutual accommodation so that this case will be settled instead of politicising this case of border control," he said.

"For such issues of border control between Guangdong and Hong Kong the two sides always have the existing channels and can settle them through consultation," he said.

China maintains that this was an isolated incident.

Last week the Chinese said that although the arrest had taken place in Chinese waters, for safety reasons the vessels had passed through Hong Kong waters.

Sources said the matter was still being discussed in Beijing but the men, detained on March 18, were being held in Zhuhai.

Governor Chris Patten said that Hong Kong was pursuing the case through diplomatic channels and he hoped there would be a positive response.

"This, after all, is a good example of whether or not one is supportive of the rule of law," he said.

Mr Patten said that the two Hong Kong seamen must be returned immediately if the problem was to be resolved.

"The best way of bringing this incident to a close—and the best way of ensuring that this incident does not make it more difficult to establish the sort of harmonious relationship we would like—is to return the vessels and the Hong Kong residents forthwith," the Governor said.

"I hope that we will have a response through diplomatic channels as soon as possible," he added.

Meanwhile, public security police in China want to strengthen co-operation with Hong Kong in anti-smuggling operations, according to Cheng Kai-nam of the Democratic Alliance for the Betterment of Hong Kong.

Mr Cheng went to Zhuhai yesterday with fellow party member, Lo Chi-keung, to meet the director of Public Security Bureau, Guan Yujia.

They quoted the director as saying that the two men detained in China were in good health and being looked after. However, prison regulations meant they could not receive visits from relatives and friends.

Mr Cheng said Mr Guan believed the matter would be resolved in two to three weeks and the men would not receive serious punishment because they had been co-operative and were not the ringleaders.

Mr Cheng added: "They couldn't guarantee similar incidents would not happen again in bad weather. The Chinese regarded the incident as a misunderstanding and talks at diplomatic level were not needed."

#### **Beijing Favors 'Smooth Extension' of NPT**

OW0604174295 Beijing XINHUA in English 1729  
GMT 6 Apr 95

[FBIS Transcribed Text] Geneva, April 6 (XINHUA)—China favors a smooth extension of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), but "just an extension of the treaty is far from sufficient," a Chinese representative said here today.

"What is more important is to conclude a convention on the comprehensive prohibition of nuclear weapons," said Sha Zukang, head of the Chinese delegation, at the first part of the 1995 session of the Conference on Disarmament.

The first part of the 1995 session began on January 30 and is scheduled to end on April 7.

In his speech at the meeting, Sha said that pending the complete prohibition and thorough destruction of nuclear weapons, all nuclear-weapon states "should undertake not to be the first to use nuclear weapons and not to use or threaten to use such weapons against non-nuclear-weapon states and nuclear-weapon-free zones at any time or under any circumstances."

He said that pending the complete prohibition and thorough destruction of nuclear weapons, efforts for the prevention of nuclear weapon proliferation are beneficial to the maintenance of international peace and security.

Meanwhile, in China's belief, nuclear non-proliferation is not the ultimate goal by itself, but only a necessary step to realize the complete prohibition and thorough destruction of nuclear weapons, Sha stressed.

Therefore, a convention on the comprehensive prohibition of nuclear weapons should be designed in order to bring about a genuine nuclear-weapon-free world, Sha pointed out.

The Chinese government calls on all nuclear-weapon-possessing states to commit themselves to the complete elimination of nuclear weapons, he said.

These states, he said, should negotiate and sign on a treaty on the no-first-use of nuclear weapons as soon as possible while proceeding to further drastic cuts in their existing nuclear arsenals.

At the same time, the Chinese government urges the Conference on Disarmament to conclude a comprehensive test ban treaty not later than 1996, Sha said.

Sha said that China hopes all concerning countries can actively promote international cooperation in the peaceful uses of nuclear energy.

He reiterated that China supports the three goals of the NPT, noting that China stands for non-engagement in nuclear weapon proliferation and the world-wide complete prohibition and thorough destruction of all types of weapons of mass destruction, including nuclear weapons.

In the peaceful uses of nuclear energy, China wants to develop equal and mutual beneficial cooperation with various countries, especially the developing countries, Sha added.

#### **Russia Prepared To Give Military Aid to Sudan**

*OW0704002195 Beijing XINHUA in English 1825 GMT 6 Apr 95*

[FBIS Transcribed Text] Khartoum, April 6 (XINHUA)—Russia has expressed its readiness to assist Sudan militarily, Brigadier Muhammad Sulayman, spokesman of the Sudanese Armed Forces, announced at a news conference today.

He said that at the Sudanese-Russian talks which concluded this afternoon at the Sudanese Army General Headquarters, the Russian side expressed full readiness to assist the Sudanese Armed Forces in the technical and training fields, adding that the previous bilateral military agreements will also be revived.

The spokesman said the talks constitute a positive step toward new cooperation between the two countries in all fields, particularly in the military domain.

The members of a Russian delegation, who arrived in Khartoum Monday [3 April], visited the Sudanese air forces as well as the naval forces in Port Sudan.

#### **U.S., Cuba To Hold Immigration Talks**

*OW0704000895 Beijing XINHUA in English 2109 GMT 6 Apr 95*

[FBIS Transcribed Text] Washington, April 6 (XINHUA)—The United States and Cuban delegations will

hold their next round of talks on immigration issues in New York on April 17 and 18, the State Department announced here today.

This will be the third session to review implementation of the U.S.-Cuba migration agreement which was signed on September 9, 1994, Department spokesman David Johnson said at a news briefing.

The two delegations held last round of talks in New York on January 18 and 19.

"As on previous occasions, discussions will be limited to migration issues," Johnson stressed.

Under the migration agreement, the United States should undertake to boost the number of immigrant visas it grants Cubans and Cuba would stop letting rafters out to sea.

#### **U.S. Firms Want Recovery of Property in Cuba**

*OW0704044895 Beijing XINHUA in English 0114 GMT 7 Apr 95*

[FBIS Transcribed Text] Havana, April 6 (XINHUA)—U.S. enterprises are negotiating with Cuba on the return of their property nationalized by the Cuban government in the 1960s, President of the U.S.-Cuban Commercial and Economic Council John Kavulich said today.

The reclamations will not affect the business relations between the American enterprises and Cuba at present and in the future, Kavulich added.

However, the president did not elaborate on the negotiations.

This is the first time that the United States takes the initiative to solve the problem.

Similar negotiations have been held between the Cuban government and business circles of Spain, Britain, France and Mexico.

Last year the council organized a meeting of a group of U.S. businessmen with Cuban Foreign Minister Roberto Robaina in New York.

Kavulich said U.S. companies are showing increasing interest in Cuba.

From the beginning of 1994 to the first quarter of 1995, about 250 representatives of 174 U.S. Companies visited Cuba.

#### **Jiang Zemin, WHO Chief Discuss Polio Measures**

*OW0604122795 Beijing XINHUA in English 1138 GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese President Jiang Zemin said here today that China's success in the eradication of polio has resulted

from the close cooperation between the relevant Chinese departments and the World Health Organization (WHO).

Jiang made the remark during a meeting with Hiroshi Nakajima, director-general of the WHO, here this afternoon in Zhongnanhai, headquarters of the State Council and the Central Committee of the Chinese Communist Party.

Nakajima, after briefing the Chinese President on his recent tour of inspection on the work of eradicating polio in southern China's Guangdong and Fujian provinces, said that China has set an example for the other countries of the world in polio eradication.

During the meeting, Jiang also expressed his appreciation for the efforts made by the WHO and Nakajima in the work to wipe out the infantile paralysis and his satisfaction over the effective cooperation between China and the WHO.

China hopes that such cooperation will continue, Jiang said.

Apart from his tour of Guangdong and Fujian provinces, Nakajima's China trip is mainly aimed to observe here the World Health Day, which takes the "Target 2000, a World without Polio" as its subject this year.

Chen Minzhang, Chinese minister of public health, was present at the meeting.

#### **Asia Unlikely To Experience Financial Crisis**

OW0604115495 Beijing XINHUA in English 1020  
GMT 6 Apr 95

["News Analysis" by Xiong Changyi]

[FBIS Transcribed Text] Manila, April 6 (XINHUA)—Although the Mexican financial crisis has sent some shock waves through the global capital market, Asia's emerging markets are unlikely to fall into the same financial trap as Mexico.

The Mexican crisis was mainly due to the large current account deficit as high as eight percent of the gross national product (GNP) and reliance on short-term capital inflows, as well as the adoption of a fixed exchange rate.

According to the Asian Development Outlook 1995 and 1996, an annual publication of the Asian Development Bank, Asia will not repeat the Mexican crisis due to various fundamental differences between Mexico's economic management and most Asian emerging markets.

First, most of the developing Asian countries enjoyed high rates of economic growth in the 1980s and continue to build on this growth in the 1990s, while most debt-ridden Latin American countries, Mexico included, had little growth in output during this period.

Second, most developing countries have a good record of macro-economic management, including exchange rate policies, and have shown considerable resilience in adopting corrective measures whenever the situation demands.

Third, while a majority of Asian economies have high investment rates, they also have high domestic savings rates, thus limiting their requirement for external capital.

Fourth, most Asian nations have received significant amounts of non-debt inflows in the form of foreign direct investment and portfolio investment.

The latter is no doubt volatile and there could be some outflows, especially if interest rates are further raised in the industrial countries.

However, this is unlikely to have a major destabilizing effect on currency markets since most Asian economies have built up relatively large foreign exchange reserves in recent years and the ratio of liquid, volatile portfolio investment and short-term debt to total private external liability continues to be much lower in Asia than in Mexico.

According to the Outlook, the Mexican financial crisis will be seen as an overdue correction in the peso exchange rate. Therefore, there are lessons to be learned from the episode.

The first lesson is that if a fixed exchange rate is to be pursued, a country needs to "get it right" from the start. Another lesson is that it is very difficult to finance large current account deficits for prolonged periods, especially by accumulating short-term liabilities.

Such a strategy is inherently risky and the ensuing capital outflows can have a major destabilizing effect on stock and currency markets.

There is also a basic lesson for fund managers in that they need to look at the economic fundamentals of countries more carefully before making investment decisions.

The Outlook noted that in the current re-assessment of emerging markets, there is likely to be some degree of short-term overreaction on the part of investors and they may reduce their exposure even in some well-managed economies.

But over time, economic fundamentals will reassert their importance as investment criteria. As a result, the Asian region will receive a healthy amount of investments in the form of both direct and portfolio investments.

#### **Developed Nations Must Help Curb Climate Change**

OW0604162595 Beijing XINHUA in English 1614  
GMT 6 Apr 95

[FBIS Transcribed Text] Berlin, April 6 (XINHUA)—The developed countries should meet their commitments to provide more financial and technological assistance to the developing nations in curbing climate changes, a Chinese representative said here today.

Chen Yaobang, vice-minister of China's State Planning Commission, was spelling out in his speech China's position on global climate protection at the 11-day United Nations climate conference, which was attended by delegates from some 170 countries.

Chen, head of the Chinese delegation to the first Conference of the Parties to the Framework Convention on Climate Change, said China has attached great importance to carrying out its duties in climate protection.

With its per capita emission of carbon dioxide (CO<sub>2</sub>) less than half of the world average and one-sixth of that of the developed countries, China is willing to join the international community in dealing with the global climate change in accordance with the convention, he said.

China has made an agenda for environmental protection and adopted various measures in line with the country's energy situation and economic development to control the CO<sub>2</sub> emission and other greenhouse effect gases, he said.

Also, China has adopted the family planning policy in an effort to lift pressure on the environment, he added. All these have demonstrated the determination of the Chinese government to carry out its international duties, he said.

He said that China is seriously concerned with the impact of increasing greenhouse gases on the global ecologic system and its threat to developing countries.

The developed world should take the major responsibility for global environmental problems, including the climate change because they have been over-exploiting the natural resources regardless of the consequence since the Industrial Revolution 200 years ago, Chen said.

With the joint efforts of the international community, the UN Climate framework convention came into law after 18-month-long negotiations, he said.

Unfortunately, Chen said, the convention remains inadequately implemented one year after it took effect and developed countries have failed to meet their commitments to provide "new extra" assistance to the developing countries.

China has maintained that it is imperative for all parties to the convention to carry out their obligations effectively, he added.

#### **Health Cards Not Checked at Women's Conference**

*OW0704094095 Beijing XINHUA in English 0601 GMT 7 Apr 95*

[FBIS Transcribed Text] Beijing, April 7 (XINHUA)—A spokesman for the Chinese Foreign Ministry said here today that China will not check the health card of participants at the Fourth World Women's Conference of the United Nations.

The spokesman, Chen Jian, made the remarks when he was asked to comment on a report that the Chinese Government will not allow AIDS virus carriers to enter for the congress to be held in Beijing.

Chen called the report "groundless", and said that China will follow a quarantine policy of not checking health cards, as it did for both the 11th Asian Games in 1990 and the Far East and South Pacific Games for the Disabled in 1994.

#### **More on Conference**

*HK0704094395 Hong Kong AFP in English 0845 GMT 7 Apr 95*

[FBIS Transcribed Text] Beijing, April 7 (AFP)—China will allow carriers of the HIV virus that leads to AIDS to attend the UN World Women's Conference here in September, Foreign Ministry spokesman Chen Jian said Friday.

Labelling reports that delegates carrying the human immuno-deficiency virus would be barred from entering the country as "groundless," Chen said China would operate a policy of not checking delegates' health cards. A similar quarantine policy was adopted for the 1990 Asian games in Beijing and the Far East and South Pacific Games for the Disabled last year.

The conference, the largest international meeting ever held in China, has already run into controversy following the decision earlier this week by the Chinese organisers to move the potentially contentious Non Governmental Organisation (NGO) section outside the capital. Some 1,500 NGOs are expected to attend, and observers here say China is wary of some of the fringe groups, which include a delegation of sex workers from Manchester in Britain and lesbian activists from Amsterdam.

UN advisers to the Chinese organisers have expressed "surprise" at the decision and are currently pushing for a new location to be found nearer the site of the official governmental conference.

The Chinese side said the move was prompted by "structural problems" at the original site—the central Workers' Stadium.

#### **United States & Canada**

##### **Spokesman Dismisses U.S. Criticism of Policies**

*OW0704065195 Beijing XINHUA in English 0630 GMT 7 Apr 95*

[FBIS Transcribed Text] Beijing, April 7 (XINHUA)—China today dismissed criticism of its trade policies, saying that China itself is against a certain country's practice of lashing out at trade partners without adequate grounds for complaint.

According to news reports, in its annual report on world trade barriers, the United States Trade Representative's

office asserted that China still maintains many trade barriers, especially high tariffs.

Asked to comment on the US report, Chinese Foreign Ministry Spokesman Chen Jian said that the country is concerned about protectionist measures now approved by some major trading partners.

"Moreover, we do not approve of a certain country's habit of willfully criticizing other trading partners without any factual evidence," Chen commented.

Since the beginning of reforms and opening-up more than a decade ago, China has constantly broadened the restructuring of its economic and trade system and has, on its own initiative, adopted free trade practices, he noted.

During the past eight years of working to have its position in the General Agreement on Tariffs and Trade (GATT) restored, China has taken a series of important steps in line with its level of economic development, and brought its trade practices generally in line with international norms, the spokesman added.

What is more, the Chinese government has participated fully in multilateral trade negotiations at the Uruguay Round of talks, and put its signature on the final document of the talks.

"All this demonstrates that China is willing to join in the global free trade process," Chen said.

However, the spokesman noted that in light of the fact that China has not been re-admitted into GATT, it can live up to its promises and obligations only after getting its contracting party status as a member of the World Trade Organization.

#### U.S. Official on Trade Success in Mainland

OW0704093995 Beijing XINHUA in English 0551  
GMT 7 Apr 95

[FBIS Transcribed Text] Hong Kong, April 7 (XINHUA)—The United States' strategy of commercial engagement with China is yielding fruit, a U.S. official said here today.

At a press conference on his recent Asia tour, Jeffrey Garten, Under Secretary of Commerce for International Trade, said that the United States' persistent efforts have helped produce billions of dollars in new business for U.S. companies in China.

Garten said that the U.S. will continue to work with China to develop a better trade and investment environment, and to fully implement existing trade agreements on intellectual property and other issues.

The United States and China have a lot of mutual interests, and among the interests is the expansion of trade, he said.

"Anyway you look into the situation, we need broader and deeper commercial engagement. That will not solve everything, but that will give us best chance to have constructive relations with China," he said.

He pointed out that China is so important, and it will become more and more important, adding that this is the "only strategy that makes sense."

On his tour in Hong Kong and visit in China next week, he said, he will discuss on 15-billion-US-dollar potential deals involving power generation, transportation, telecommunications and environmental projects.

He noted that the United States will be giving special attention to furthering the work of the Joint Committee on Commerce and Trade (JCCT) in China.

"We are now hoping to expand some training programs which will simultaneously help U.S. firms to do business in China while also helping to equip China to develop modern business capabilities," he said.

#### 'Roundup' Views Christopher's Middle East Trip

HK0504113895 Beijing RENMIN RIBAO in Chinese  
17 Mar 95 p 6

["Roundup" by staff reporters Liu Aicheng (0491 1947 2052), Liu Shuiming (0491 3055 2494), and An Guozhang (1344 0948 4545): "Warren Christopher Visits Middle East Again"]

[FBIS Translated Text] Washington, Cairo, and Abu Dhabi, 15 Mar (RENMIN RIBAO)—Abstract: In order to break the impasse and to promote the Middle East peace process, U.S. Secretary of State Warren Christopher paid his 11th shuttle visit to the Middle East; he thought that the Israeli-Syrian agreement to resume talks was the main success of his trip this time. [end abstract]

From 8 to 15 March, U.S. Secretary of State Warren Christopher again visited Egypt, Jordan, Saudi Arabia, Israel, and Syria. It was his 11th visit to the Middle East since he took office as secretary of state. Christopher said when concluding his visit this time that it was one of the most satisfying trips so far.

Regardless of the timing or content, Christopher's shuttle visit to the Middle East this time has some eye-catching features. The main aspects of the recent peace process in the Middle East are as follows: Both the Palestinian-Israeli talks and the Syrian-Israeli talks are at an impasse; the situation in southern Lebanon has become tense due to the naval blockade by Israel and armed conflicts there are unceasing; Egyptian-Israeli relations have become frigid due to the dispute over signing the nuclear nonproliferation treaty; the tendency toward normalization of ties between Israel and some Arab countries in the Gulf and North Africa has markedly weakened; and, although development of Jordanian-Israeli relations is comparatively normal, fluctuations might arise due to the fact that the U.S. Congress

refused to waive a large amount of the debt owed by Jordan. In addition, the Clinton administration will soon be busying itself with next year's elections and it needs some achievements in foreign affairs. In the U.S. foreign policy, one of the spheres that can more easily produce some results at this moment is in the efforts to continue to promote the Middle East peace process and strive for progress.

Looking at Christopher's visit, most international media thought he had reached the fixed goals. In Cairo, Christopher alleviated the contradiction. Egypt once said that if Israel does not sign the nuclear nonproliferation treaty, Egypt also will not sign. After discussing it with Christopher, Mubarak said that Egypt demands Israel become a signatory to the nuclear nonproliferation treaty, that Egypt does not demand that Israel destroy its nuclear weapons right now but that Egypt does demand Israel formulate a clear timetable. On 14 March, Mubarak announced that Egypt is prepared to again endorse the nuclear nonproliferation treaty but the extension is limited to a period of time. Egypt wants Israel to become a signatory to the treaty within two or three years.

Although coordination of Palestinian-Israeli relations was not a key point in Christopher's visit, his mediation led to some new changes in those relations. Christopher reassured Arafat that the United States will strive to make the Palestinian-Israeli peace a success and will continue to provide Palestine with economic aid. Arafat said he would spare no effort to check the violent activities against Israel. Influenced by the United States, Israel has also become more flexible in its position; it had originally refused to talk about troop withdrawals from the West Bank but, afterward, it agreed to signed an initial agreement on a date for troop withdrawals, thus removing the shadow cast by the explosion in Netanya and enabling the Palestinian-Israeli talks to return to the set track. On 14 March, the Palestinian-Israeli talks on legislation and elections in Palestine reopened in Cairo.

The main purpose of Christopher's visit to the Middle East this time was to urge Syria and Israel to resume talks. Since the two countries started peace talks in October 1991, progress has been slow. Talks broke down in February 1994. In the second half of last year, the Syrian and Israeli ambassadors to the United States reopened talks in Washington and later on, the chiefs of staff from the armies of the two countries participated in the talks, which broke down soon after, however. During the peace talks, Syria insisted that Israel should completely withdraw the troops from the Golan Heights, to realize overall peace; Israel refused to commit itself to a complete withdrawal of troops from the Golan Heights, citing security as a reason. At the end of last October, U.S. President Bill Clinton visited the Middle East for the first time, to try to persuade Syria and Israel to resume formal negotiations but to no avail.

During his visit to the Middle East this time, Christopher proposed the method of tackling the easier problems first and solving them one by one, in urging the two

countries to resume talks. He asked the two sides to first begin talks on the issue of security arrangements, increase the degree of transparency on both sides, and install early warning systems in the Golan Heights. Christopher thought that if the two sides can reach consensus on the problems in this area, it will then become easier to solve the core problems such as the withdrawal of troops. Even though that may be the case, Christopher still had to experience many twists and turns and even had to postpone his return to Washington by one day, to secure promises by Syria and Israel to resume talks. Of course, the two sides agreed to resume talks because they saw that both Israel and the United States will soon face elections at home and, if they do not grasp the opportunity to carry out talks and reach an agreement, then the election activities will affect or delay the process of the peace talks. In addition, Israel sensed that "without troop withdrawals, there will be no peace." At present, the Syrian and Israeli sides have clearly agreed to resume ambassador-level talks in Washington in the near future. After the talks begin, military personnel from Syria and Israel will also attend. However, public opinion holds that although Christopher was able to realize a resumption of Syrian-Israeli talks, neither the Syrian nor the Israeli side has said it will yield on the crucial problems. The talks will therefore be rather difficult.

During his visit, Christopher also held a meeting with the ministers of foreign affairs from the Gulf Cooperation Council nations, urging them to take actions to promote the peace process and studying with them the issue of sanctions against Iraq. The communique from the meeting said that the ministers of foreign affairs agreed with the U.S. position, that is, before Iraq fully implements the relevant resolutions by the United Nations, no amendment should be made to the resolution on sanctions. However, according to sources close to the meeting, Qatar and Oman did not send their ministers of foreign affairs to the meeting. Recently, Qatar and Oman gave a reception for the visiting Iraqi foreign minister and even called for alleviation of the sanctions against Iraq. Christopher has now concluded his 11th visit to the Middle East, and it seems that the actual results have yet to be verified by the Palestinian-Israeli and Syrian-Israeli talks.

#### **\*Clinton's National Security Strategy Analyzed**

95CM0112A Beijing XIANDAI GUOJI GUANXI  
[CONTEMPORARY INTERNATIONAL RELATIONS]  
in Chinese No 11, 20 Nov 94 pp 6-11

[Article by Zhou Jing (0719 6975), Qian Chunyuan (6929 2504 0337): "Clinton Administration's National Security Strategy Analyzed"]

[FBIS Translated Text] Clinton is the first president elected in the United States after the end of the Cold War. Upon taking office and faced with a total new situation at home and abroad, he proceeded to reassess

the post-Cold War status of U.S. power and security, and from this exercise evolved gradually a relatively complete set of policies related to national security strategy; these policies were reflected in the "National Security Strategy: Participation and Enlargement" report the Clinton administration submitted to the Congress on 21 July, 1994. The principles and the domestic and foreign policies as defined in the Clinton administration's national security strategy will have important influence on the U.S. international position and even on the global structure itself. This article will examine and analyze this strategy in four parts.

### I. Major Contents

Clinton administration's national security strategy contains economic, military and political strategies and cover various regions of the globe, its major contents are:

**(A) Economic Strategy.** The basic contents are: (1) Ensure continued, stable economic development by vigorously promoting and maintaining economic growth while controlling inflation, reducing the budget deficits, cutting government spending, raising taxes on the upper-income people, reforming the social welfare system and giving full play to governmental macroeconomic coordination and control. (2) Raise U.S. labor productivity and industrial competitiveness by strengthening cooperation between government and the industrial-commercial circles as well as labor, accelerating enterprise structural readjustments, establishing "a system for re-employment," strengthening vocational training and education, expanding investment in infrastructure facilities and accelerating development of high-tech industries. (3) Promote global free trade by participating in and striving to complete the Uruguay Round of multilateral GATT negotiations in line with the trends of regional integration and globalization of the economy; at the same time, participate in the Asian Pacific Economic Cooperation [APEC] organization and strengthen competition vis-a-vis the European Union by building on the foundation laid down by the North America Free Trade Area [NAFTA]. (4) Vigorously open up foreign markets and expand exports of U.S. goods and services while keeping pressure on Japan and others to reduce their trade surpluses with the U.S.; at the same time, strive to maintain low-inflation, continued economic growth in the West by coordinating U.S. macroeconomic policies with those of Japan, Germany and others.

**(B) Military Strategy.** Last year, the Clinton administration decided on a military strategy of "simultaneously fighting and winning two major regional wars," and completed this year a reappraisal of its nuclear strategy. The basic contents are: (1) As the military strategic objective has changed from preventing a total war with the former Soviet Union to dealing with conflicts and crises in major regional areas, therefore, in making appropriate cuts in the military budget and the size of the military, it will still be necessary to maintain a strong military strength and a sufficiently strong strategic

nuclear force. (2) Focus efforts on developing a quick reaction force, stationing troops of 100,000 men each in Europe and the Asian Pacific area, and strengthening joint military exercises with troops of the host countries; emphasize pre-positioning of military supplies and equipment in important regional bases overseas and strengthening the air and sea capabilities to handle strategic transportation and protect the logistical routes; continue to patrol the Mediterranean Sea, Southwest Asia, the [Persian] Gulf area and in the Asia Pacific area to protect the security of the sea transportation routes and to serve as an "stabilizing instrument" of regional stability. (3) In the defense industries, focus on developing high-tech, precision-guided and sharp new weapons and equipment; in research and development, emphasize the development of a theater defense system against tactical nuclear weapons. (4) By accelerating arms control negotiations and promoting conclusion of regional and multilateral arms control agreements, prevent the spread of the weapons of mass destruction and missile technology so that they will not threaten important U.S. strategic position and interests. (5) In international conflicts management, emphasize as much as possible "multilateralism" and "preventive diplomacy" by relying on the roles and functions of international and regional organizations such as the United Nations.

**(C) Strategy of Enlargement.** A strategy of enlargement was proposed formally on 21 September, amended in November, 1993, by U.S. President's National Security Advisor Anthony Lake. This strategy came under strong attack in various circles but it was basically reaffirmed in the national security strategy report released in July, 1994. The core concept of this strategy is to advance long-term U.S. interests by expanding within a global framework the "political democracy and market economic system" of the West. [Specifically] (1) strengthen the so-called "democratic core" of North America, Europe and Japan and, through working through this "rich men's club," exert influence in world affairs. (2) Support and strengthen the "newly democratic and market-oriented nations," particularly the Eastern and Central European nations which are in the process of transformation and Russia which is in "transition to reform and democracy," and ensure that out of the dramatic changes in East Europe, dissolution of the former Soviet Union and the ending of the Cold War, the U.S. and the West will come out the winners. (3) Oppose "nations which are hostile to democracy and market economy" and promote the human rights policy. Substantively, the enlargement strategy involves peddling the American-style democracy and human rights system in an attempt to establish the U.S. in a position of supremacy in global affairs.

**(D) Regional Strategy.** The Clinton administration intends to actively pursue the various strategic policies mentioned above in every geographic region, only the specific tactics may differ. (1) In Asia, the Clinton

administration after taking office set forth its Asia-Pacific strategy of a "new Pacific Community." Economically, given the increasingly obvious importance of Asia to U.S. security and prosperity, focus on establishing of an "open trading system" within the APEC structure, coordinating macroeconomic policies with Japan, and reducing the [U.S.] trade deficits with both Japan and China. In terms of security, devote efforts to strengthening bilateral military relations with the allies, promoting multilateral security dialogues within the region, maintaining regional stability, preventing the spread of weapons and mass destruction and missile technology and resolving the North Korea nuclear issue. Politically, use "quiet diplomacy," bring pressure to bear on, and give support to non-governmental organizations to promote the U.S. human rights policy. (2) In Europe, in the economical area, take advantage of European economic integration to strengthen the investment and trading relationships between the two sides of the Atlantic; negotiate and resolve existing disputes in such areas as intellectual property rights, trading of agricultural products, government procurement policies, etc., and open up the European market. In terms of politics and security, maintain the U.S. position of leadership in NATO and stationing of troops [in Europe]; through the "Partnership for Peace" plan, extend NATO influence to Central and Eastern Europe, not only to draw Russia into playing a role in guaranteeing European security, but also to prevent Russia from maintaining a special status in the former Soviet Union and Eastern Europe regions. (3) In the Western hemisphere, promote the establishment of NAFTA and, working with countries in the Americas, organize and strengthen regional cooperation to prevent proliferation of weapons, eliminate the drug trade and protect the security and development in America's own backyard. (4) In the Middle East, Southwest Asia and Africa, promote the Middle East peace process by bringing about peaceful resolution [of all disputes] between Israel and the Arab nations to ensure protection of U.S. strategic and energy interests in the area; at the same time, restrain [expansionism of] both Iraq and Iran; urge India and Pakistan to conclude their negotiations to control, reduce and in the end eliminate the capacity for [making or spreading] weapons of mass destruction and missile technology; in Africa, consolidate the democratic achievements in South Africa, and support Africa's effort to improve and develop its economy.

## II. Basic Special Characteristics

The Clinton administration's national security strategy carries the legacies of the Cold War and is indelibly stamped with certain special Cold War era characteristics.

(A) The concept of national security has a wide range of connotations. The era of two superpower seeking hegemony has ended, and the area of competition based on consolidated national strength has begun; changes need to be made in a national security strategy which focuses

on countering external military threats as its major objective. In the post-Cold War world, many new [non-military] factors also impact on national security; such factors as ethnic conflicts, religious contradictions, territorial disputes and so forth can lead to upheavals and regional conflicts; concerns are growing daily over transnational problems such as the spread of weapons of mass destruction and missile technology, global environmental degradation, rapid population growth, drug abuse and the spread of AID's; all these factors and problems are within the realm of national security concerns; and Clinton has clearly included them as component parts of his national security strategy. In this way, the U.S. national security strategy has become a comprehensive strategic system which includes national economic, political, defense and diplomatic strategies, [in short] a "major strategy" in the true sense of the word. This illustrates the scope and depth of the U.S. concept of national security.<sup>1</sup>

(B) Economic security is a national security issue of primary importance and must be backed up by military strength. The Clinton administration has repeatedly pointed out that U.S. long-term security is based on U.S. national strength, particularly strong economic strength. Therefore, "national security is primarily economic security," and "economic strength must clearly be at the heart of U.S. national security."<sup>2</sup> Keeping its focus on U.S. national strength, its position in the world and its international influence in the 21st century, the Clinton administration considers the issues of skills and education of workers, external trade, etc. to be within the scope of national security, and proposes to increase U.S. economic strength by reorganizing and consolidating the national economy, establishing a world free trade system and expanding U.S. exports, etc. This kind of strategic concept fits in the Cold War requirement, and is indicative that the U.S. national security strategy only represents a strategic readjustment of the U.S. basic objective. But the Clinton administration has not overlooked the fact that military strength has a rightful place in national security and therefore, in recommending reform of the military force structure, has insisted on also maintaining a strong defense capability. As the 1994 National Security Strategy Report pointed out, "U.S. military capability is still at the crux of a successful national security strategy," for it ensures that the United States can maintain its leadership role in dealing with all security concerns.

(C) U.S. national security strategy reflects the strong desire of U.S. ruling circles to promote the American-style democracy and human rights system. The Clinton administration considers that the end of the Cold War provides the U.S. with the chance of a lifetime to promote its political and economic system. Declaring that the promotion of democracy and human rights is intimately linked to U.S. national security, Clinton stated that "supporting democracy and human rights abroad can change the U.S. security environment," because "to the extent that democracy and the market economy have any

dominant influence in other countries, to that extent they will help ensure the security and prosperity in our own country."<sup>3</sup> This strategic thinking reflects the idealism in the Clinton administration's foreign policy. The so-called "Strategy of Enlargement," "Partnership for Peace," and human rights diplomacy targeted at socialist and developing countries, pushing them toward westernization, etc., all of them reflect the strong political goal and ideology.

(D) Maintaining the U.S. "position of leadership" in global economic, political and security affairs is the primary objective of the U.S. national security strategy. As soon as he assumed office, Clinton proposed as one of the strategic objectives the "three main pillars of foreign policy," namely maintaining a strong defense capability, strengthening economic security and promoting democracy and human rights. Diplomatic practice in the last two years proves that the readjustment in Clinton's foreign policy is based on new thinking in national security. The U.S. diplomatic strategy, in terms of U.S. geopolitical and economic interests, has changed from "focusing on Asia instead of Europe" to "focusing on both Europe and Asia." The Clinton administration now argues that Europe and Asia are two strategic areas of equal importance to the United States, and that the U.S. global economic and security interests are tied to both regions. Economically, Asia-Pacific is the economically fastest growing region in the world, and it is currently and potentially a great export market for the United States. However, Europe is still an important area for U.S. overseas investment, Europeans also invest in the United States, and European companies pay U.S. taxes and create jobs in the United States. In terms of security, the greatest threat to the United States and Western nations are the instabilities which may be created as Russia and the Central and Eastern European nations seek to transform themselves toward a "system of free market economy and political democracy." As well, the "uncertain factors" of turmoil created by the North Korean nuclear problem and of China's political intention after developing and consolidating its own national strength will pose serious challenges to U.S. global interests. In addition, the Clinton administration considers the Americas as the U.S. "backyard;" it also attaches great importance to retaining the initiatives in the Middle East peace process. All of the above explain that consideration of U.S. global interests is an important factor in determining the Clinton administration's national security strategy.

### III. Deep and Lasting Influences

The ultimate objective of Clinton administration's national security strategy is to ensure that the United States will maintain a global leadership position in the 21st century, and this will have a great influence on any increase or decline of U.S. national power and on changes in the international political and economic structure.

(A) Clinton's economic strategy has already produced beneficial results. Beginning the second half of 1993, U.S. economic recovery clearly accelerated. Since the beginning of 1994, the U.S. economy has entered into a stage of sustained, appropriate economic growth. The rate of economic growth in the third quarter has already reached 4.1 percent. Infrastructure industries such as the automobile industry were recovering, retail sales and real estate transactions continued to rise. Labor productivity and industrial competitiveness have risen. All of these have contributed to the growth in U.S. economic strength, and help improved the U.S. position in global economic competition. U.S. economic growth has led to economic recovery in the West, helping to create an advantageous external environment for the United States in taking on any international competition.

The objective of the Clinton administration's external economic strategy is to achieve "a leadership position in the global economy." Toward this objective, Clinton has clearly focused on a "three-point program," namely concluding the GATT negotiations and establishing a World Trade Organization, promoting economic integration in Europe, establishing NAFTA, and strengthening the APEC organizational system. These moves are leading to important changes in the global economic structure. In promoting its foreign economic policy, the Clinton administration has clearly taken an aggressive stance and threatened trade retaliation during the Uruguay Round GATT negotiations, pressured Western Europe and Japan to open up their markets for U.S. agricultural products, audio-visual goods, steel, computers, aviation products, etc.; and entered into fierce competition with Japan to promote the U.S. Asia-Pacific strategy centered on U.S. economic leadership in the area. This U.S. objective and approach will certainly further aggravate the frictions and contradictions between the U.S. economy and those of the Western countries, and will have a deep and lasting impact on world economic development.

(B) The security strategy, by extension of its connotations, opens up new areas of international diplomacy. Once in office, the Clinton administration immediately changed the negative attitudes of the Reagan and Bush administrations and actively pursued diplomatic initiatives in such issues as environmental pollution, rapid population growth and the North-South relationship. The United States began emphasizing "environmental diplomacy" by promising technical and capital assistance for developing countries. Clinton also revised its population policy by supporting planned parenthood, and established a presidential commission on sustainable development to study and draft a population stabilization policy. In 1993, the U.S. provided foreign aid to assist the population programs in 41 countries; in 1994, aid in this category reached \$460 million. These policy changes and actions benefitted the U.S. in terms of exerting important influence on global population, environment and developmental policies. But when the U.S. links developmental assistance to [its policies on] these issues, the United States

also interferes in the domestic affairs of developing countries. Cooperation or conflict between developing countries and the United States over these issues will likely continue to evolve and develop.

(C) U.S. forceful promotion of the Western democracy and human rights strategy has led to tension in international relations. Because third world countries such as China have their own historical traditions, political systems and concepts of value which are basically different from those of the United States, implementation of the "Strategy of Enlargement" will undoubtedly lead to opposition and conflict with countries which have different social backgrounds. The most prominent manifestation of this can be seen in terms of the relationship between the United States and Asian countries. The United States has unilaterally exerted pressure on issues of human rights and of the rights and benefits of workers and, in the process, created conflicts with countries such as China, Indonesia and Singapore, which brought the U.S. Asia-Pacific policy to the brink of disaster, and the United States could not help but to question its objective and readjust its policy.<sup>4</sup>

(D) U.S. interferences have caused regional complications overseas. After the Cold War ended, regional conflicts have increased due to issues of race, ethnicity, religion and territory. The United States, by relying on a policy of military strength to deal with crises abroad, has invariably resorted to intervention by force or the threat of force; as a consequence, this policy not only could not prevent or contain regional conflicts but instead led to even more contradictions. In addition, the United States has made the prevention of the spread of weapons of mass destruction and missile technology an important component of its national security policy, and also emphasized the use of political and economic sanctions to promote its nuclear non-proliferation policy; countries are often subject to accusations and sanctions for no good reason, which add to tension between the United States and some countries.

#### IV. Difficulties in Implementation

Clinton's strategy in seeking world leadership represents a long-range aspiration, but important constraints in the U.S. domestic as well as international environments remain, and implementation of the strategy will encounter innumerable difficulties.

(A) The Clinton administration still faces many difficulties in carrying out the objective of achieving a "position of economic leadership." Problems of large deficits and national debts hamper the long-term economic growth in the United States, aging infrastructure facilities and irrational industrial structure cannot easily be resolved in the short term, and these problems will continue to pose complications for the Clinton administration. Although the U.S. economy has entered a period of growth, many people still worry about the future prospects of the economy, and they are particularly dubious that economic growth can be maintained with inflation

kept in check. Although the U.S. unemployment rate has dropped to 6 percent, the number of unemployed still totals 8.5 million people, and the gap between the rich and poor has further widened. The U.S. trade deficits continue to grow and the value of the U.S. dollar abroad continues to decline; Western nations are unwilling to coordinate their monetary and exchange policies at the expense of sacrificing their own economic interests, and the U.S. will still face many difficulties trying to coordinate macroeconomic policies among Western nations. In addition, serious social problems such as violent crime, abuse and smuggling of drugs, etc., still plague the United States, and these will hamper the overall growth and consolidation of U.S. national strength.

(B) Internal contradictions in the U.S. ruling circles constrain the implementation of Clinton administration's plans. For example, health-care reform was a critical initiative Clinton took to revive the U.S. economy but, from the time the plan was submitted to the Congress in October 1993 to now, domestic debate on the plan continued to rage, and because the plan touches the special interests of the electorate, medical community and business circles, passage will be difficult without amendments. The Congress is still debating passage of the GATT agreements which are of crucial importance to the U.S. foreign economic policy. The differences between the Congress and the President over foreign policy are quite obvious, and the fact that former passed resolutions to withdraw American troops from carrying out their missions in Somalia and Haiti indicates Congress' intention to exert its influence in foreign affairs. The hue and cry in Congress demanding further cuts in the military budget continued, while the Department of State and U.S. military hold considerably divergent views towards the objectives and tactics of the national security strategy. Isolationist sentiments calling for greater attention to domestic matters and less to foreign affairs will inhibit the Clinton administration's flexibility in implementing foreign policy. As for U.S. policies toward different governments and geographic regions, particularly vis-a-vis such countries as China, Russia and Vietnam, they will be subject to influence of various special interest groups in the United States. The greater or lesser power of the Republicans or the Democrats after the mid-term elections will also affect implementation of Clinton's domestic and foreign strategies.

(C) Changes in the international political and economic structures cannot directly be manipulated by U.S. desires and actions. The U.S. national security strategy is the result of U.S. reassessment of the world situation and the status of its power as a nation, but discrepancies remain between the U.S. subjective views and wishes and the realities of the international community. The U.S. intention to exercise monopolistic control in world affairs does not conform with the multi-dimensional trends in the post-Cold War world structure, and is also not in accord with strong voices calling for the establishment of a mutually beneficial political and economic world order based on equality in the international community. The

contradictions between the U.S. pursuing its national security strategy and [the interests of] other geographic regions and countries will continue to exist, and these inevitably will force the Clinton administration to modify or readjust its policies. Europe and the U.S. hold divergent views on the future of NATO and European security arrangement, and the struggle for leadership in European security affairs will not disappear; the transformation in Central and Eastern Europe and Russia will be governed by political and economic changes in their own countries, and not by U.S. dictate; the contradiction between the "Partnership for Peace" plan and Russian's intention to maintain its original sphere of influence will be difficult to prevent or resolve; the conflict between the United States and Japan competing for economic leadership will continue; the reality of Japan's desire to play a "big political power" role and also to possess the material and technical capabilities to develop nuclear weapons will continue to create doubts in the U.S.; important discrepancies in views remain between the U.S. and Asia-Pacific countries over the objectives of developing the APEC organization; and third world nations such as China and others will strongly resist the U.S. "Strategy of Enlargement."

(D) Contradictions between insufficient strength and desire to maintain an extended battle line of engagement will still remain. Many officials and scholars in the United States are skeptical that the U.S. military has the capability to "simultaneously fight and win two major regional wars," to fight and win an hypothetical small-scale conflict breaking out in the Mediterranean or Caribbean Sea, and to participate in other United Nations peacekeeping activities. Many people consider that Clinton's military strategy is "based on flawed assumptions," and that in terms of planned expenditures in the defense budget, the United States hardly has the capability to sustain and win a two-regional wars scenario. Recently, as U.S. troops were being sent to Haiti, the U.S. made a big show of force to intimidate Iraq as if to demonstrate it could fight and win two wars, but in retrospect it was more a case of making noises and not really preparing to undergo the real test of war.

(E) With too many objectives, and the problem of attending to some and losing sight of others, equilibrium and balance will be difficult to achieve and maintain. The Clinton administration has repeatedly stated that strengthening economic security, maintaining a strong defense capability and promoting democracy worldwide are inter-related, that "all three should be pursued simultaneously." But seeking to achieve three such strategies at the same time is certainly not easy or simple; conflicts often come out of interaction among the three strategies, e.g., severe conflicts frequently are produced between economic and human rights interests. The U.S. has forcefully carried out its "human rights diplomacy" in China and that caused Sino-American relations to decline to a low point which affected U.S. economic interests in China; as a result, the U.S. could not help but readjust its policy by announcing the de-linking of the Most-Favored-Nation treatment from the human rights

issue. This clearly shows that the Clinton administration can hardly pursue implementation of the "three strategies simultaneously" without making changes and revisions.

**Footnotes:**

1. Timothy E. Wirth: "Sustainable Development and National Security," U.S. Department of State Dispatch, 25 July, 1994, Vol. 5, No. 30.
2. Speech by U.S. Trade Representative Kantor, "America Today" program on 28 October, 1993. [USIS] Wireless File, 28 October, 1993.
3. Clinton's speech at Waseda University, Japan, 7 July, 1993; his speech at the 48th U.N. General Assembly meeting, 27 September, 1993.
4. See memorandum from U.S. Assistant Secretary of State Lord to Secretary of State Christopher, end of April, 1994.

**Central Eurasia**

**Qian Qichen Makes Official Visit to Moldova**

**Meets Moldovan Prime Minister**

OW0504153595 Beijing XINHUA in English 1510  
GMT 5 Apr 95

[FBIS Transcribed Text] Chisinau, April 5 (XINHUA)—Moldovan Prime Minister Andrei Sangheli met here today with visiting Chinese vice-Premier and Foreign Minister Qian Qichen and both sides agreed to further bilateral cooperation in various fields.

During the talks, Qian expressed satisfaction over the smooth development of political, economic and cultural cooperation between the two countries in the past years.

Qian, who arrived here on Tuesday, noted that the aim of his current visit is to promote the implementation of the accords reached between the two countries.

On economic and trade cooperation, Sangheli and Qian said that their governments support and encourage businessmen of the two countries to play an active role in strengthening bilateral economic and trade relations.

Sangheli said that the Moldovan government is making efforts to create favorable conditions for foreign investors and Chinese businessmen are welcome to do business in Moldova.

Earlier today, Qian held separate talks with Moldovan Parliament Speaker Petr Luchinsky and Moldovan foreign minister Mihai Popov.

Moldova is the third leg of Qian's European tour which will also take him to Bulgaria, Yugoslavia and Iceland.

**Visit To Strengthen Ties**

*OW0604123295 Beijing XINHUA in English 1206  
GMT 6 Apr 95*

[FBIS Transcribed Text] Chisinau, April 6 (XINHUA)—Moldovan President Mircha Ivanovich Snegur met visiting Chinese Vice-Premier and Foreign Minister Qian Qichen here today.

The president said his country is working hard for safeguarding its independence, sovereignty and territorial integrity as well as for reforms in all sectors.

Snegur said that the first visit by the Chinese foreign minister to his country will further strengthen the relations between the two countries.

During the meeting, Qian said China and Moldova share views on a series of international issues and expressed his hope that both sides will continue cooperation in international affairs.

He also voiced his support for Moldova's policy to develop economic relations with countries of the European Union and the Commonwealth of Independent States.

**Departs Moldova for Bulgaria**

*OW0604154195 Beijing XINHUA in English 1521  
GMT 6 Apr 95*

[FBIS Transcribed Text] Chisinau, April 6 (XINHUA)—Chinese vice-Premier and Foreign Minister Qian Qichen concluded his three-day visit to Moldova and left here for Sofia, Bulgaria this afternoon.

Speaking to local reporters before his departure, Qian said that his visit to Moldova has fulfilled the aim of strengthening the bilateral relations.

On the same occasion, Moldovan Foreign Minister Mihai Popov said that Qian's visit has ushered in a new era of developing the bilateral relations.

Popov said that the two countries have agreed to further the bilateral cooperation in public health, education, culture and other fields.

Earlier today, Popov and Qian, on behalf of their governments, signed an agreement on cultural exchanges for 1995.

Moldova is the third leg of Qian's European tour which will also take him to Bulgaria, Yugoslavia and Iceland. He has already visited Latvia and Slovakia.

**Flight of Harbin-Vladivostok Route Termed Successful**

*OW0604023195 Beijing XINHUA in English 0212  
GMT 6 Apr 95*

[FBIS Transcribed Text] Harbin, April 6 (XINHUA)—A China Northern Airlines Yun-7 passenger plane made a

successful maiden flight from Harbin, capital of northeast China's Heilongjiang Province, to Vladivostok, in Russia Tuesday morning.

This signalled the formal opening of the 570-km air route between the two cities. The flight took one hour and 35 minutes.

The air route is the third of its kind, linking Russian cities, after the Harbin-Khabarovsk and Harbin-Chita routes.

Officials with the China Northern Airlines said that the opening of the Harbin-Vladivostok route will provide an opening to establishing three other new ones from Harbin to Niigata, Hokkaido, and Seoul.

**Cross-Border Tiger-Smuggling Case Cracked**

*OW0604101395 Beijing XINHUA in English 0921  
GMT 6 Apr 95*

[FBIS Transcribed Text] Shenyang, April 6 (XINHUA)—A cross-border tiger-smuggling operation was stopped in northeast China's Liaoning Province, according to Chen Taibao, head of the Public Security Bureau in Tieling today.

Fourteen criminals have been arrested, and a tiger skin with 119 tiger bones have been confiscated.

Police in Tieling city in Liaoning were informed on March 18 that some people from northern Heilongjiang Province were selling a complete tiger skin and skeleton.

They arrested some persons and seized the tiger skin and bones in Kaiyuan city in Liaoning on March 22, while five other criminals were apprehended in Heilongjiang.

An investigation of the case showed that the criminals bought the skin and skeleton of a wild Siberian tiger from two Russians in Russia last November then smuggled them into China on an international train.

Experts say that the tiger, which was killed in the spring of 1993, was 3.45 meters in length, counting the tail.

The police will dispose of the skin and skeleton in accordance with state regulations, said Chen, adding that "Chinese police are taking strict measures to crack down on any illegal poaching, smuggling, and selling of endangered wild species."

**Rong Yiren Meets Defense Minister of Ukraine**

*OW0604095895 Beijing XINHUA in English 0925  
GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese Vice-President Rong Yiren met with a Ukraine military delegation headed by Vice-Prime Minister and Minister of Defence Valeriy Shmarov at the Great Hall of the People here today.

Rong extended his warm welcome to the delegation, and said China has enjoyed good political, cultural and

economic relations with Ukraine since the two countries established diplomatic ties three years ago. The successful visit to Ukraine by President Jiang Zemin last year effectively pushed forward bilateral relations.

Speaking of the economic situation in China, Rong said that China's economy has good prospects and will achieve a sustained, rapid and healthy growth. According to him, China hopes to enhance cooperation with Ukraine in trade, economy and many other areas.

Shmarov explained the two purposes of his current visit to China. One is attending the second meeting of the Sino-Ukraine Trade Committee held on April 3 as chairman on the Ukraine side; the other is to hold talks with Chinese Minister of National Defence Chi Haotian.

Shmarov said, Ukraine and China share common ground for developing trade and economic ties. Ukraine wishes to further promote cooperation with China in areas of trade, economy, science and technology, energy and raw materials, under the principle of equality and mutual benefit. He said, like China, Ukraine upholds a policy of peace in national defence and wishes to develop friendly relations with the Chinese army.

Present at the meeting were Chinese State Councillor and Minister of National Defence Chi Haotian, and Minister of Machine-Building Industry He Guangyuan.

Also in this morning, Chi held talks with the Ukraine delegation, and the two sides exchanged views on further developing friendly ties between the two armies and other issues of common interest. After the talks, Chi and Shmarov signed a cooperation agreement.

### Northeast Asia

#### ROK, DPRK Students To Meet at Symposium

SK0704092895 Beijing China Radio International in Korean 1100 GMT 6 Apr 95

[FBIS Translated Text] On 5 April, a spokesman for the ROK's Seoul International University Student Council stated that the chairman of the university's student council and the chairman of the DPRK's Kim Il-song University Student Council will attend an academic symposium at Berkeley University in California, on 7 April. The spokesman said the ROK student representatives, professors, and researchers who will attend the forthcoming academic symposium have received a government permit to attend the symposium, which will mainly discuss methods of cooperation between students and universities from the two sides of the Korean peninsula. The ROK has strictly restricted civilian-level contacts between the ROK and the DPRK since the Korean War. The meeting between the student council chairmen of Seoul International University and Kim Il-song University will be the first official contact between South and North Korean student representatives.

#### PLA Chief Meets DPRK Army Officers

OW0604121695 Beijing XINHUA in English 1109 GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—General Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army (P.L.A.), met with a goodwill visiting group from the Korean People's Army of the Democratic People's Republic of Korea (DPRK) here this afternoon.

The group, led by General Kim Chong-gak, member of the Central Committee of the Korean Worker's Party and vice-minister of the People's Armed Forces, arrived here on Tuesday.

#### Qiao Shi Receives ROK Legislative Delegation

SK0704073895 Beijing China Radio International in Korean 1100 GMT 6 Apr 95

[FBIS Translated Text] Qiao Shi, chairman of the Standing Committee of the PRC National People's Congress, received an ROK delegation of the ROK-PRC Legislators Conference led by Mun Chong-su, chairman of the conference, in Beijing on the afternoon of 5 April. Chairman Qiao Shi said he hopes his upcoming visit to the ROK will further the development of relations between the two countries in various aspects. He added that PRC-ROK relations have developed at a relatively rapid pace in recent years.

Chairman Qiao Shi said the ROK economy recently showed rapid growth, and the PRC should learn from the ROK's experience. Qiao Shi stated he believes his upcoming visit to the ROK will better acquaint him with the ROK situation in various aspects. Mun Chong-su said remarkable achievements have been made in economic, political, and cultural cooperation between the ROK and the PRC in less than three years of diplomatic relations.

Touching on the situation on the Korean peninsula, Chairman Qiao Shi said the PRC hopes the situation will ceaselessly head for alleviation; on the nuclear issue, he said he sincerely hopes the U.S.-DPRK agreed framework will be implemented and the parties concerned will resolve pending issues through earnest and patient negotiations.

#### CPPCC Vice Chairman Meets ROK Visitors

OW0604122195 Beijing XINHUA in English 1113 GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Wu Xueqian, vice-chairman of the Chinese People's Political Consultative Conference National Committee (CPPCC), met with Choi Chang-yun, new President of the Korean Foundation of the Republic of Korea (ROK), and his party here this afternoon.

The five-member ROK delegation arrived here Monday [3 April] as guests of the Chinese People's Institute of Foreign Affairs.

### Southeast Asia & Pacific

#### Spratlys Not Part of Formal Talks with ASEAN

OW0704064895 Beijing XINHUA in English 0638  
GMT 7 Apr 95

[FBIS Transcribed Text] Beijing, April 7 (XINHUA)—Chinese Foreign Ministry Spokesman Chen Jian said here today that the recent consultations between China and the Association of South East Asian Nations (ASEAN) have helped promote mutual understanding.

He made the remarks in reply to a question concerning the Nansha [Spratly] issue, when he explained that, on April 3 and 4, China and ASEAN held the first high-ranking consultations in Hangzhou on the issue of political security. The time and topics had been decided prior to that at the end of last year.

According to him, the two sides exchanged views on bilateral relations, regional and international issues, and Asian-Pacific safety cooperation and reached agreement of understanding on many aspects. Both sides expressed a positive wish to further relations between China and ASEAN and to increase co-operation, he said. The formal consultation agenda did not include the Nansha issue, but it became one of the topics of unofficial conversations.

According to Chen, the consultations have not only promoted mutual understanding, but also enhanced confidence, and broadened the general consensus.

#### Philippine Motives on Spratly Islands Questioned

HK0704102595 Hong Kong WEN WEI PO in-Chinese  
4 Apr 95 p E3

[Article by Fang Zhou (2455 5297): "What Are the Philippine Authorities Really Up To?"]

[FBIS Translated Text] The Philippine Government has recently been performing very irrational actions, such as blowing up boundary stones and arresting Chinese fishermen on the Nansha [Spratly] Islands, over which China has irrefutable sovereignty. People cannot help asking: "What is the Philippines really up to?"

Like Fujian and Taiwan, the Nansha Islands have been irrefutably Chinese territory since ancient times. This is evidenced by considerable historical records and relics which have been unearthed for over 1,000 years, since the Tang, Song, Yuan, Ming, and Qing Dynasties, as well as a large quantity of post-World War II international documents and diplomatic records.

However, the Philippine Government has disregarded all this. It has ignored the "four-point consensus" reached recently by the foreign ministers of China and

the Philippines in Beijing and the understanding on "putting aside the dispute and striving for joint development" and intentionally encroached upon this territory, over which the Chinese Government has legitimate sovereignty. On 25 March, the Philippine Government dispatched its navy, forcibly detaining five Chinese fishing boats and 70 fishermen operating on the Nansha waters. It accused the fishermen of "intruding" into Philippine waters. Some Philippine reports even vilified these fishermen as "servicemen" and accused them of "damaging the environment there". In addition, the Philippine Government destroyed by force marker stones on Banyue [Half-Moon] Atoll and other islands, claiming some of the islands were under its sovereignty in an attempt to legalize its act of occupying the nine islands and atolls. It is very absurd for the Philippine Government to make such claims on the grounds that "these islands are close to the Philippines and too far from China." In response to this, Chen Jian, spokesman for the Chinese Foreign Ministry, unequivocally pointed out on 30 March: Given that China has irrefutable sovereignty over the Nansha Islands, the Philippine Government should stop such futile moves as destroying the markers on the Nansha Islands and release as quickly as possible the Chinese fishing boats and fishermen it has detained. As the Nansha waters are the traditional fishing area for Chinese fishermen, detaining them on the Philippine side is an infringement of their legitimate rights and interests. The fact that the Philippine side destroyed the Chinese markers on some of the Nansha islands will not affect Chinese sovereignty over the islands.

China's attitude is very clear: China's sovereignty over the Nansha Islands should not be infringed upon, but the dispute can be settled through negotiation. Under the present circumstances, the most practical solution is to "put aside the dispute and strive for joint development." However, it seems that the Philippine Government is prepared to wage a war at any cost. As the Philippine Chief of the General Staff Enrile said a few days ago, the Philippines will dispatch more military forces to the Nansha Islands and their waters. The Philippines currently have eight naval vessels cruising nearby waters to cope with the possible task of transporting more troops there. In spite of this, to safeguard friendly relations between China and the Philippines—and peace and stability in the Southeast Asia—China is maintaining a low-key attitude toward the Nansha dispute and is holding onto the idea of "putting aside the dispute and striving for joint development." Such a reasonable stance has been highly praised by the international community. Not only have the six ASEAN countries which made the "Nanhai Declaration" accepted this proposal, but Philippine President Fidel Ramos agreed on it when he visited China in 1993.

International observers are of the opinion that it is unwise for the Philippine authorities to have taken a series of actions on the issue of the Nansha Islands which

will adversely affect peace and stability in Southeast Asia and that it should stop making provocations at once.

#### **Malaysian Prime Minister Meets NPC Official**

*OW0704095495 Beijing XINHUA in English 0910  
GMT 7 Apr 95*

[FBIS Transcribed Text] Kuala Lumpur, April 7 (XINHUA)—Malaysian Prime Minister Mahathir Mohamad met with Ni Zhifu, Vice Chairman of the Standing Committee of the National People's Congress of China, here today.

Ni and his 11-member party were winding up their six-day visit to Malaysia at the invitation of the Malaysian parliament.

During a cordial conversation, Mahathir said Malaysian-Chinese relations are at the excellent status, judging from the fact that bilateral trade rose some 40 percent last year. He hoped that both sides will further develop bilateral trade and encourage investment in each other's country.

Mahathir said Malaysia feels happy about the economic development of China and never sees it as a threat to the security in the region, because China, as a big power, has never invaded other countries.

He said his country will always maintain friendly ties with China.

Ni Zhifu said during the talks that the history of friendship between China and Malaysia dates back to several thousand years ago, with the recent years witnessing more rapid development of the relationship.

"We are now experiencing the best period of the development of Sino-Malaysian relations," said Ni, adding that Sino-Malaysian friendship not only conforms to the fundamental interests of the two countries but also to the peace, stability and prosperity of the region.

During the visit, Ni also called on Foreign Minister Abdullah Ahmad Badawi. In addition to the Malaysian capital, he has also visited Penang and Kuching where he was warmly received by officials and dignitaries.

#### **Near East & South Asia**

#### **PRC, Kuwait To Cooperate on Oil Production**

*OW0604131995 Beijing XINHUA in English 1242  
GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—China and Kuwait are to further enhance bilateral cooperation in oil production and refining.

This is the common aspiration during the talks here this afternoon between the China National Petroleum Corporation (CNPC), the China Petrochemical Corporation (Sino-PEC) and visiting Kuwaiti Minister of Oil 'Abd-al-Muhsin Mid'aj al-Mid'aj.

Briefing the guests on China's production of oil and natural gas, President of the CNPC Wang Tao said that China's oil production last year had a sustained rise with a daily output of 2.9 million barrels, 95 percent of which are onshore oil.

China's production of oil can not meet the demand of its national economy, Wang said, adding that China's oil export last year was smaller than import and this trend will continue.

He said that most of the equipment and materials used in China's oil recovering are made in China and they have also been exported to over 30 countries and regions.

With the development of China's oil industry, the prospect for Sino-Kuwaiti oil cooperation is broad, he said, while he extended his welcome to the Kuwaiti side to take part in China's oil exploration and upgrading of Chinese oil enterprises.

Al-Mid'aj said that Kuwait pays much attention to the development of its friendly relations and cooperation with China in various fields including oil industry, hoping that China's investment overseas and engineering contracts would grow.

During the talks, Vice-President of the Sino-PEC Li Yizhong hoped that both sides can push forward their cooperation in the petrochemical field, especially in the upgrading of the Qilu Petrochemical Company in East China's Shandong Province.

Al-Mid'aj noted that Kuwait is interested in such upgrading projects, suggesting that both sides should further strengthen contacts in this field.

In addition, journalists of the two countries also held discussions here this afternoon.

#### **Kuwait To Loan Beijing U.S.\$24 Million**

*OW0604134295 Beijing XINHUA in English 1317  
GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese Vice-Minister of Foreign Trade and Economic Co-operation (MOFTEC) Liu Shanzhai expressed his hope that Sino-Kuwaiti trade ties would be cemented, during his talks today with Hilal Mishari Al-Mutayri, visiting Kuwaiti minister of trade and industry.

After the talks, the two countries signed an agreement, according to which Kuwait will grant China governmental loans worth 24 million US dollars for the construction of an airport in Central China's Zhengzhou city.

During the talks, Liu said that though the past two years had witnessed great growth in the two-way trade, which hit 200 million US dollars-worth last year, there is still potential to tap, since China needs Kuwait's oil and

fertilizer, and Kuwait needs China's textile, light industry, electronics and machinery products.

Last year the two countries signed an agreement to co-operate in upgrading China's oil refineries in order to import oil directly from Kuwait, Liu said, adding that the upgrading should be finished soon.

China will hold an exhibition of China's electronic products and machinery in Kuwait to promote Chinese exports, Liu said. China has already successfully held two such exhibitions in Kuwait.

Liu also expressed his appreciation for Kuwait's granting to China government loans worth 500 million US dollars, and expressed his hope that the two countries could continue such co-operation.

The Kuwaiti minister said that his government attaches great importance to the bilateral co-operation in oil, and would like to invest in China.

He told Liu that a group would be sent to China in the near future to explore investment opportunities.

He also said that the Kuwaiti government supports Chinese companies to contract oil-exploration and infrastructure projects in Kuwait.

#### **Kuwaiti Prime Minister Tours Beijing**

OW0704111895 Beijing XINHUA in English 1105  
GMT 7 Apr 95

[FBIS Transcribed Text] Beijing, April 7 (XINHUA)—Visiting Kuwaiti Crown Prince and Prime Minister Shaykh Sa'd al-'Abdallah al-Salim al-Sabah and his party visited the Palace Museum and Qinghua University here this morning, accompanied by the Chairman of the Chinese Government Reception Committee and Minister of Power Industry Shi Dazhen.

The President of Qinghua University Wang Dazhong briefed the guests on the university and presented Sa'd with a carved lacquer plate.

Expressing his thanks for the gift, Sa'd said he welcomes any co-operation between Kuwaiti University and Qinghua.

At the State CIMS (Computer Integrated Manufacturing System) Engineering Research Center of China at Qinghua, Sa'd listened to a brief introduction to the center by its director, Professor Wu Cheng, and toured some of the center's laboratories, where he was given a plexiglass plate which was produced on the spot with his name carved on it.

This afternoon, Sa'd and his party went to the Niujie Mosque for religious services. Before the services, he had brief and cordial talks with An Shiwei, chairman of the Islamic Association of China.

#### **West Europe**

#### **Belgian Public Health Minister Visits Mongolia**

SK0604010795 Hohhot NEIMENGGU RIBAO in  
Chinese 4 Mar 95 p 1

[FBIS Translated Text] On the morning of 3 March, at the auditorium of the autonomous regional government, Vice Chairman Baoyindelgeer met with Madam Demonst [as transliterated], minister of public health, environment, and social integration of the Flemish Government of Belgium, and her entourage.

Baoyindelgeer extended a welcome to the Belgian guests for their visit to the region and briefed the guests on the region's situation in reform, opening up, economic construction, and public health service. He said: Inner Mongolia is vast in territory and rich in natural resources. Since the commencement of reform and opening up, public health service, the social status of mental patients, and medical treatment conditions in the region have all improved greatly. We hope that the Belgian guests will learn more about the situation of Inner Mongolia and conduct extensive cooperation and exchanges in the fields of the economy, trade, science and technology, culture, education, and public health.

During the reception, the two sides exchanged opinions on the matters relating to the research and cooperation in psychiatry between the Inner Mongolia Mental Health Center and Belgium.

Also attending the reception were representatives of the regional government, the regional foreign affairs office, the regional medical college, and the Inner Mongolia Mental Health Center.

That morning, the Belgian guests also visited the Inner Mongolia Mental Health Center for observation and were warmly received.

#### **Balladur Sees Prospects for Expanding Ties**

OW0604021095 Beijing XINHUA in English 0154  
GMT 6 Apr 95

[FBIS Transcribed Text] Paris, April 6 (XINHUA)—French Prime Minister Edouard Balladur, in an interview published here today, said that there exist broad and diversified prospects for expanding Sino-French cooperation.

The prime minister told the Paris-based Chinese-language newspaper "NOUVELLES D'EUROPE" that he expects China and France to further increase their economic cooperation as encouraging progress has been made in this aspect.

In an effort to improve relations between the two countries, Balladur visited China in March 1994 and Chinese President Jiang Zemin made a trip to France in September the same year.

Balladur said in the interview that this exchange of visits and the normalization of relations have enabled the two countries to "further expand their cooperation, particularly in the economic field."

Therefore, France should increase contacts with China on various levels, including those between political leaders, business executives, scientists and artists, said Balladur, who is a candidate for the presidential elections to be held later this month.

#### **Tianjin Mayor Meets with French Embassy Official**

SK0604100795 Tianjin TIANJIN RIBAO in Chinese 28 Feb 95 p 1

[FBIS Translated Text] On 27 February, Mayor Zhang Lichang met with Mr. Shibahoo [as transliterated], deputy chief of the French Embassy in the PRC. Amid a frank and friendly atmosphere, the host and guests had an extensive conversation on how to strengthen cooperation between the Renault Company of France and the Tianjin Automobile Industrial Corporation, and on how to strengthen the friendly relations between France's Nord-pas-de-Calais region and Tianjin.

Zhang Lichang stated: We extremely value cooperation with the economic, trade, and enterprise circles of France. The cooperative projects between Tianjin and France number 50 or so, most of which have yielded very good economic returns. General trade has also developed very quickly. The friendly ties between Tianjin and Nord-pas-de-Calais are now developing in both quality and range. We hope the cooperation sphere will be expanded further on this basis.

Zhang Lichang added: Western and northern Europe, including France, constitute the major aspect of our current endeavor of opening up. We hope a breakthrough will be made as quickly as possible in this aspect. We sincerely welcome representatives of economic, trade, and enterprise circles from western and northern Europe to Tianjin for investment and cooperation.

Deputy Chief Shibahoo said: The French Government has repeatedly expressed its willingness to support in diverse forms the representatives of its economic circles in order to strengthen economic and trade contacts with Tianjin, and has also expressed hope that some major projects in the industrial field will be concluded. We will strive to produce rich fruits from mutual cooperation through efforts in many fields. Deputy Chief Shibahoo invited Mayor Zhang Lichang to France to observe and visit as well as for negotiations on cooperation. Zhang Lichang thanked him for this.

Also attending the reception were Geng Jianhua, director of the municipal Foreign Affairs Office; Wang Shuzu, director of the municipal foreign Economic Relations and Trade Commission; and representatives of the Tianjin Automobile Industrial Corporation.

#### **Shandong Official Meets with Bavarian Delegation**

SK0604145195 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Apr 95

[FBIS Translated Text] On the morning of 5 April, Zhao Zhihao, secretary of the provincial party committee, cordially met with the government and economic delegation from Bavaria headed by Dr. Aidemengte Situoyibo [name as published], president of Bavaria, and Kalade Saici [name as published], German ambassador to the PRC, and their entourage at Nanjiao Guesthouse in Jinan.

Our province established economic and technological cooperation relations with Bavaria in 1985 and formally established friendly relations in 1987. It was the first time for the president of Bavaria to pay a visit to the province since the establishment of friendly relations between Shandong Province and Bavaria. The purpose of the visit was to further promote the in-depth development of friendly relations between Shandong Province and Bavaria and to hold talks on relevant economic and technological cooperative items.

During the meeting, Zhao Zhihao spoke highly of the successful friendly cooperation and exchange in the fields of economics, science, technology, education, culture, and tourism with Bavaria over the past years. After briefing the guests on the province's development in the economic, scientific, and educational fields during recent years, he said: Shandong and Bavaria are strongly complementary in economic structure. Bavaria has advanced technology and equipment and much good experience, and Shandong has rich natural resources and both existing and latent large markets. I am convinced that in the future, the economic and technological cooperation of both sides will have greater prospects.

President Situoyibo [name as published] said during the meeting: Since the establishment of friendly relationship between Shandong Province and Bavaria, we have always cared for Shandong's development. Both sides have achieved great success in economic and trade contacts and in job-training cooperation. In the future, Bavaria will conduct more extensive cooperation with Shandong in the fields of communications, transportation, and infrastructure facilities; it is hoped the friendly relationship between Shandong Province and Bavaria will be deeply developed through this visit.

Song Fatang, deputy secretary of the provincial party committee and vice governor, and representatives of the provincial-level relevant departments, attended the meeting.

#### **Qian Qichen, Douglas Hurd To Meet in New York**

HK0704074295 Hong Kong EASTERN EXPRESS in English 7 Apr 95 p 1

[By Wing Kay Po]

[FBIS Transcribed Text] The Chinese Foreign Minister, Qian Qichen, and the British Foreign Secretary, Douglas Hurd, will meet in New York later this month to discuss bilateral issues, including Hong Kong.

Officials were quick to play down any suggestion that the meeting was a sign of improving Sino-British relations, recently soured by the incursion of a Chinese security vessel into Hong Kong waters and the lack of progress by the Joint Liaison Group [JLG] on a range of issues.

The second day of the full JLG meeting yesterday ended amid further Chinese warnings against unilateral action by Britain to table the court of final appeal bill.

News of the Qian-Hurd meeting came as China criticised Washington for "interfering in China's internal affairs" by making "irresponsible comments" in a State Department report on Hong Kong.

Qian, also a Chinese vice-premier, and Hurd will meet on April 18 at the nuclear Non-Proliferation Treaty review conference.

The Qian-Hurd summit will discuss trade and arms. On Hong Kong, the two ministers are expected to focus on the work of the JLG. "We're not expecting this meeting to produce any spectacular breakthroughs on anything," a senior Government official said.

A British official said that while progress of the JLG will be discussed, Britain will not propose initiatives on how to speed up its work.

The two foreign ministers are obliged by the 1991 Memorandum of Understanding on Hong Kong's new airport to meet twice a year. They last met last October in New York during a United Nations Security Council meeting.

The two sides fixed this month's meeting some four weeks ago when arrangements for the nuclear conference were finalised.

This meeting will precede the May visit to Beijing by Michael Heseltine, Britain's President of the Board of Trade.

### East Europe

#### Editorial Views Sino-Bosnia-Herzegovinan Ties

HK0704070095 Beijing RENMIN RIBAO in Chinese 4 Apr 95 p 1

[Editorial: "Congratulations on the Establishment of Diplomatic Relations Between China and Bosnia-Herzegovina"]

[FBIS Translated Text] On 3 April, the representative of the PRC Government and the representative of the Government of Bosnia-Herzegovina signed a joint communique in Zagreb, determining the establishment of

ambassadorial-level diplomatic relations between the two countries as of the same day. We express warm congratulations on this.

In its foreign relations, China always observes the five principles of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence; and is willing to establish and develop friendly and cooperative relations with all countries in the world on the basis of these principles. We respect the independence, sovereignty, and territorial integrity of Bosnia-Herzegovina. Bosnia-Herzegovina acknowledges that the PRC Government is the sole legal government of China and that Taiwan is part of China's inalienable territory; and also promises not to establish or develop any form of official relations or carry out any official exchange with Taiwan. We appreciate this principled position of the Government of Bosnia-Herzegovina.

The establishment of diplomatic relations between China and Bosnia-Herzegovina will be conducive to promoting the further development of the traditional friendship between the two peoples and the cooperative relationship between the two countries in all fields. At present, Bosnia-Herzegovina remains in a state of civil war. We sincerely hope that the various parties in Bosnia-Herzegovina will give consideration to the fundamental interests of the country and the people and will find a political solution to the current conflict through talks and realize peace and national reconciliation at an earlier date, thus making joint efforts for national reconstruction. China will support any solution that is acceptable to all parties in Bosnia-Herzegovina, and will, as usual, continue to join the international community in making efforts for the peaceful settlement of the problems in Bosnia-Herzegovina.

#### Qian Qichen Meets With Bulgarian Counterpart 6 Apr

OW0704043895 Beijing XINHUA in English 0319 GMT 7 Apr 95

[FBIS Transcribed Text] Sofia, April 6 (XINHUA)—Visiting Chinese Vice-Premier and Foreign Minister Qian Qichen held talks with his Bulgarian counterpart Georgi Pirinski here today over bilateral relations and matters of mutual concern.

During their talk, Qian said China and Bulgaria share traditional ties of friendship and that no fundamental conflict of interests separates the two countries.

Pirinski said that Qian's visit to Bulgaria is of great significance to the two countries' relations, adding that the new Bulgarian parliament attaches great importance to developing relations with China, as did the previous parliament.

Qian noted that Bulgaria's new government has achieved some success in promoting political and social stability through adopting a series of measures.

He also expressed appreciation for Bulgaria's foreign policy which aims to develop relations with both European countries as well as nations outside the continent.

On economic and trade relations, Qian said that the Chinese government wishes to strengthen the two countries' economic and trade ties through new avenues of cooperation based on the principle of equality and mutual benefit.

Pirinski said that Bulgaria is interested in China's market economy and its rapid growth, adding that Bulgarian businessmen want to establish direct contacts with their Chinese counterparts.

Qian arrived here today for a four-day official visit after his trip of Moldova, the third stop on his European tour. He will continue his tour to Yugoslavia and Iceland.

#### **Ukraine Signs Accord on Military Cooperation**

HK0704090695 Hong Kong AFP in English 0830 GMT 7 Apr 95

Beijing, April 7 (AFP)—Ukraine, one of Beijing's main suppliers of military equipment, has signed a military cooperation agreement with China, diplomatic sources said Friday.

The agreement was signed Thursday by visiting Ukrainian Defence Minister Valery Shmarov, the sources said, adding that he also participated in talks on balancing bilateral trade, currently heavily in Ukraine's favor.

Shmarov met with his Chinese counterpart, Chi Haotian, the European diplomatic sources said.

The Ukrainian delegation, which arrived here Sunday for a six-day visit, on Friday visited the eastern city of Qingdao, site of China's largest naval base.

Beijing and Kiev established diplomatic relations in January 1992. The volume of bilateral trade last year was more than 837 million dollars, an increase of 60 percent over 1993, while other countries of the former Soviet Union registered a 40 percent decrease in trade with China over the same period.

Some 90 percent of Sino-Ukrainian trade is comprised of imports from Ukraine, particularly chemicals and metals such as steel salvaged from old nuclear submarines and ships of the former Soviet navy.

Another more difficult to quantify aspect of trade between the two countries, is represented by military equipment from Ukraine. The Ukraine has offered to sell China an aircraft carrier currently under construction at a Ukrainian shipyard on the Black Sea.

China has delayed the decision on buying the carrier, mainly because of financial problems but the navy has been pushing to expand its fleet, particularly to defend Chinese claims in the South China Sea.

One potential flash point is in the Spratly Islands, also claimed in part or whole by Brunei, Malaysia, the Philippines, Taiwan and Vietnam. Tensions have increased recently in the area following the discovery of Chinese structures on a Philippine-claimed reef.

China has the shipyards capable of constructing the body of an aircraft carrier but lacks the necessary high technology to complete the project, Western experts say.

### **Latin America & Caribbean**

#### **Colombian Vice President Views Expanded Trade**

OW0504115195 Beijing XINHUA in English 1124 GMT 5 Apr 95

[FBIS Transcribed Text] Beijing, April 5 (XINHUA)—Visiting Colombian Vice President Humberto de La Calle Lombana said today that his country hopes for enhanced ties with China, especially cooperation in the economic and trade sectors.

De La Calle expressed the hope at a press conference here this afternoon before leaving the Chinese capital for a visit to other Chinese cities tomorrow.

Colombia and China, both developing countries, though far apart from each other geographically, have "very strong" traditional trade relations and friendship, and the two countries also "have a lot of common points of views," he told reporters.

During his three-day stay in Beijing, de La Calle has exchanged views with Chinese leaders on bilateral relations, the non-alignment movement as well as issues involving economic cooperation in the Asian and Pacific region. The visit has been "a great success," the vice president said.

Touching on the domestic situation, de La Calle said that his country's economy has been in good shape and in the process of growth for "30 years in a row", the only such economy in Latin America, he said.

On Sino-Colombian trade ties, he noted that the two-way trade reached 47 million US dollars in 1994, up by over 80 percent from the 1993 figure, and that the figure is less than the actual trade volume between the two countries, as much was handled via Hong Kong or Panama.

"Colombia wants to increase trade" with China, de La Calle said. During his current trip, he has exchanged views with Chinese officials on enlarging Colombia's traditional goods export to China, such as coffee, cotton and emerald.

During the forthcoming visit here by Colombian trade minister, the two sides will further discuss bilateral trade in details, he said, adding that a group of Colombian businessmen will also be here by that time.

"There is a new way of fostering the trade relations between the two countries, in which both wants to emphasize not only the state sector, but also the private sector" so as to deepen and improve Colombia-China relations in economic, political, cultural and other spheres, the vice-president said.

Colombia has "totally open economy," and welcomes Chinese investment in sectors such as telecommunication, public infrastructure and fishery, de La Calle said.

#### **Qiao Shi Meets Colombian Vice President**

*OW0504142495 Beijing XINHUA in English 1406 GMT 5 Apr 95*

[FBIS Transcribed Text] Beijing, April 5 (XINHUA)—Qiao Shi, chairman of China's National People's Congress Standing Committee, discussed the growth of Sino-Colombian ties with Humberto de La Calle Lombana, visiting vice-president of Colombia, here today.

During the meeting, Qiao said China and Colombia are far apart geographically, but their people have long shared a traditional friendship.

Both countries are developing nations, which are confronted with the common tasks of developing their own economies, raising their people's standard of living and safeguarding world peace, he said.

Since the two countries forged diplomatic ties 15 years ago, the contacts between the Chinese NPC and the Colombian parliament have become fruitful, Qiao

noted, adding this will be conducive not only to the enhancement of mutual understanding and friendship between their parliaments, but to the promotion of mutually beneficial co-operation.

De La Calle Lombana said the Colombia-China friendship can be traced back to ancient times, and that the two countries have much in common, as they are both Pacific Rim countries and they share similar views on international affairs.

Besides, the vice-president said, the two countries are implementing policies of reform and opening-up and boosting their economies in a stable and sustained way.

He expressed the belief that there are broad prospects for bilateral economic co-operation and trade covering a wide range of areas.

On the anti-drug campaign, Qiao agreed with de La Calle Lombana's view that both producing and consuming countries of narcotic drugs should bear the responsibility. The Chinese Government has always attached great importance to global co-operation in this regard and has joined the relevant international treaties and organizations, he stressed.

China held that it is the common responsibility of producers, consumers and transit countries to combat the evils of narcotics, and efforts should be made by countries, regions and the international community as well in this regard, Qiao said.

During the meeting, Qiao briefed the visitors on China's reform and opening to the outside world.

## Political & Social

### Deng Xiaoping, Chen Yun Reportedly Hospitalized

HK0704032995 Hong Kong LIEN HO PAO in Chinese  
7 Apr 95 p 2

[Report from Beijing by staff reporter: "CPC Internal Document Urges All Units To Unite, Says Deng Xiaoping Can Live Until 1997"]

[FBIS Translated Text] As the leading body, with Jiang Zemin at the core, has not completely brought the overall situation under control, Deng Xiaoping's health remains a weighty factor for the stability of the mainland situation. A recent internal document issued to various departments by the CPC Central Committee said that Deng Xiaoping can live up to 1997, and that cadres in all units should have confidence, and should maintain stability and unity.

According to sources, CPC paramount leader Deng Xiaoping has continued to be in poor health. He is now in People's Liberation Army [PLA] Hospital No. 305 and is being nursed by a special medical team.

The sources said: Deng Xiaoping recently was hospitalized for his illness in Hospital No. 301 and was then transferred to Hospital No. 305 to recuperate after his condition was stabilized. He now relies on medicine and qigong therapy, but he is not a person who has lost consciousness forever, as rumored by outsiders.

The sources also said: After Deng Rong, Deng Xiaoping's youngest daughter, revealed the worsening of Deng Xiaoping's health in an interview with the NEW YORK TIMES, her relations with General Secretary Jiang Zemin of the CPC became sour. During the recent session of the National People's Congress, Deng Rong, being a deputy from the Army, even openly said something different from Jiang Zemin's opinion at a group meeting attended by Jiang. After Jiang had expressed his opinion, Deng Rong immediately expressed her different opinion, and this deeply embarrassed Jiang. At the meeting, Deng Rong also openly told other deputies that Deng Xiaoping was not in good health. This annoyed Foreign Ministry officials, and they filed a complaint to the higher authorities.

The Foreign Ministry officials admitted that they were ordered to announce that Deng Xiaoping was in good health, but Deng Rong said again and again that her father was not in good health, which made it hard for the Foreign Ministry to act.

Chen Yun, another senior CPC leader, was also in poor health. Chen contracted heart disease long ago. After catching a cold last year, complications were caused; he did not recover and remains in Hospital No. 301.

### Jiang Zemin, Others Plant Trees in Beijing

HK0604091095 Beijing XINHUA Domestic Service in Chinese 1150 GMT 1 Apr 95

[By RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976) and XINHUA reporter Jiao Ran (3542 3544): "Jiang Zemin and Other Central Leaders Take Part in Voluntary Tree-Planting Activities in Beijing's Suburban Areas"]

[FBIS Translated Text] Beijing, 1 Apr (XINHUA)—A spring breeze is gently blowing and the countryside has turned green. Central leaders such as Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao arrived in Shunyi County in the suburbs of Beijing this morning, to take part in voluntary tree-planting activities in the capital.

The first Sunday of every April is the day for voluntary tree planting by the entire body of citizens in the capital. At 1000 this morning, Jiang Zemin and other central leaders, accompanied by Beijing municipal party Secretary Chen Xitong, Beijing Mayor Li Qiyang, and Minister of Forestry Xu Youfang, arrived in a vast area of trees by the Chaobai River in Shunyi County; together with Shunyi County's Young Pioneers, workers, and peasants they dug with their spades and planted some Chinese juniper, ginkgo, and white wax [bai la 4101 5198] trees which bring about the green hope.

General Secretary Jiang Zemin, Chen Xitong, and Xu Youfang planted a Chinese juniper. Jiang Zemin poured two buckets of water on the tree. He then said to Chen Xitong: "Let us plant another one." Thereafter, the three planted a ginkgo. Afterward, General Secretary Jiang Zemin happily granted an interview to reporters. He said: "It has been almost six years since I began work in the central authorities and every year I have participated in voluntary tree planting. Afforestation, making the country green by planting trees and improving the ecological environment are big matters which benefit the country and the people and are undertakings which will benefit numerous generations to come. Afforestation is of great significance to protecting the environment, preserving water and soil, and promoting economic development. I have just returned from a trip to Jiangxi and Hunan, where I saw the broad masses of cadres and people attach great importance to greening projects and afforestation and this is cheering and encouraging. The crucial work in afforestation is to insist on mobilization of the whole party, participation by the whole people, and persistent and unswerving efforts, to form a habit." Jiang Zemin pointed at the Young Pioneers beside him and said: "To make the country green we must rely on the efforts to be made by all generations and today, these successors have also come along. The education on afforestation must first be given to children and adolescents."

Shunyi County has always been called the "grain warehouse in the capital's suburbs." The Chaobai River is a

place from where sand blows into Beijing by the wind and building a forest belt along the Chaobai River to prevent the wind blowing the sand, and consolidate the sand, is an important measure for improving Beijing's ecological environment and agricultural production conditions. Jiang Zemin said to Zhao Fengshan, party secretary of Shunyi County: "Forestry and agricultural production are closely linked and, speaking from the angle of preserving water and soil for the sake of providing a good ecological environment for agriculture, forestry is also an important basic condition for sustained agricultural development." He said: "Leaders at various levels should put afforestation on their important agendas and unswervingly view the achievements in afforestation made by a leading cadre as an important content of their assessment of his work merits."

Li Peng, Liu Huaqing, and Li Qiyang together planted a Chinese juniper and three ginkgoes. Premier Li Peng asked when planting the trees: "Can these trees live after being planted?" Li Qiyang said: "We have used technological measures such as adding fertilizer and protecting the roots of the saplings and certainly they can live." Li Peng said in answer to a reporter's question: "We have done a great deal of work in afforestation since the nation's founding. In the future, we will still have to vigorously launch afforestation activities of a mass character and engage in some afforestation projects of a larger scale in a planned manner. So long as we all attach a high degree of importance to the work and grasp it persistently, the green areas in our country can increase year by year and the natural environment will continuously improve."

Qiao Shi and some Young Pioneers together planted a Chinese juniper and watered it, and he said: "We must come here to plant trees every year. Afforestation is of great significance to the country and the people and is an undertaking which benefits our offspring and must be upheld persistently. Only when forestry is developed, can we have a good ecological environment."

Seeing the willows which have already turned green along the Chaobai River, Li Ruihuan said: "Afforestation can improve the ecological environment and provide human beings with abundant food resources of various kinds. Our country has many hilly areas and great potential for developing forestry and this potential should be fully utilized. Afforestation should be upheld by the generations to come and earnestly and solidly carried out."

Zhu Rongji and Hu Jintao dug with their spades together to plant trees.

Chen Xitong told reporters that more than 2 million people in Beijing are taking part in voluntary tree planting today. At present, about 33 percent of Beijing Municipality has been covered with green land. The capital's goal is to increase this to 40 percent by the end of this century.

In the afforestation site, there is a billboard showing the forest belt in the Chaobai River District. Here, the comrades in charge of Shunyi County briefed the central leaders on the situation regarding the shelter-forest and agricultural production.

Xu Youfang told reporters that, in the past 10 years or so, party and state leaders have played an exemplary role in planting trees every year and have set an example for the people throughout the whole country. Since 1981, on over 4 billion occasions people throughout the whole country have participated in voluntary tree planting and about 20 billion trees have been planted. In the past several years, the annual area of completed afforestation in the country was about 80 million mu. At present, Guangdong, Fujian, and Hunan have eliminated the barren lands which are suitable for afforestation and have been commended by the CPC Central Committee and the State Council. At present, the forest coverage rate in our country is 13.92 percent, which is lower than the world's average level. Of the 70 percent hilly areas in the country, 2 billion mu need greening projects. The potential for forestry development is great and we have an arduous task and a long way to go.

Among the central leaders who participated in today's tree-planting activities were: Wu Bangguo, Zou Jiahua, Jiang Chunyun, Wei Jianxing, Wen Jiabao, Zhang Zhen, Chi Haotian, Song Jian, Peng Peiyun, and Luo Gan.

#### Post-Tiananmen Purged Official Rehabilitated

HK0704073995 Hong Kong EASTERN EXPRESS in English 7 Apr 95 p 9

[By Bruce Gilley]

[FBIS Transcribed Text] A prominent victim of the post-Tiananmen Square purge of senior officials has been rehabilitated and promoted to a moderately influential post in what could be the first sign of reconciliation over the tragedy as the death of Deng Xiaoping nears.

Qian Liren, the former director of the party's main mouthpiece, the People's Daily [RENMIN RIBAO], was made head of the foreign affairs committee and official spokesman of China's political consultative body in a reshuffle last month.

As official spokesman, Qian presides over the press conference prior to each year's full meeting of the Chinese People's Political Consultative Conference (CPPCC), as he did for the first time last month.

More significantly, Qian was this month appointed to represent the CPPCC in briefings with the central government and party politburo.

These "airing of views" briefings, or tongqi hui, are what decides which CPPCC suggestions are adopted and which are ignored.

They are considered the forum in which the party can express in tangible terms how seriously it takes the intellectual community which populates the CPPCC and was a key target of ideological education after Tiananmen.

It was after such a briefing with outraged CPPCC members last October that Beijing municipal authorities were forced to halt the Oriental Plaza project of the Hong Kong tycoon Li Ka-Shing.

Qian and the then-chief editor, Tan Wenrui, took the blame for the 800 People's Daily staff members who took to the streets to join protesters in 1989.

"That does not affect our thinking much any more," Wang Shenghong, deputy director of the CPPCC liaison office, said yesterday.

"Whoever is qualified for a job should be appointed, no matter what their stance in 1989," he added.

The decision to bring Qian back into the political fold was made by CPPCC chairman Li Ruihuan, widely seen as a liberal force within the senior leadership, according to the semi-official Mirror [CHING PAO] magazine.

"This is a reflection of the great degree of (Li's) magnanimity," the magazine said.

Qian, 70, was officially sacked on June 19, 1989 for what officials described as "health reasons".

It was later learned that he had been arrested in a hospital on the night of June 3 as a decision was taken to crush the student-led movement.

Qian was apparently blamed for siding with the then-general secretary, Zhao Ziyang, in his opposition to the imposition of martial law in the capital two weeks before the June 4 massacre.

He was dumped from the party central committee at the plenary session on June 23 and 24, which saw the wholesale change of the senior leadership.

Qian was made a vice-chairman of the CPPCC's former education and culture committee, but was expected to be retired soon.

The opening for his unexpected rehabilitation came when the former CPPCC foreign affairs committee chairman died last July.

"We were looking for someone and Qian's name was suggested. After consultations with the government, no objections were raised," Wang explained yesterday.

**New Civil Servants Ready for Government Posts**  
OW0604155695 Beijing XINHUA in English 1457  
GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—China's first batch of civil servants recruited from society through examinations are ready to start work in government posts.

The 292 new civil servants, who passed the various examinations set by the state's Personnel Ministry and their employers, finished their preliminary training and will begin to work at 29 central government bodies tomorrow.

China held its first examinations starting in September last year to recruit low-ranking government officials for the central government agencies, which is taken as the first step toward the country's planned civil service system.

Some 4,400 people took the exams, and 292 passed. After a 22-day training course, they received their qualification certificates.

Song Defu, minister of personnel, said at the graduation ceremony today, "The training itself is another requirement for the building of the strict and orderly state civil service system, and it has been carried out according to the Provisions on the State Civil Service System issued by the State Council in 1993."

He promised that such training for new civil servants will be continued and developed into a comprehensive system for various levels of governments.

According to the plans for the personnel system reform, the local governments are also taking steps to hold examinations to recruit new employees from society at large, and training courses of this kind are being organized strictly in line with the rules.

The minister said the training aims to familiarize the new employees with the rules of government operations, meanwhile providing political and ideological education. The goal is to achieve efficiency and honesty in the civil service.

State Councillor Li Guixian attended the graduation ceremony. He said that "the establishment and promotion of the new system is a major change in China's political as well as personnel system, which is of great significance for the building of a clean and honest government, and the promotion of government efficiency."

#### **Commission Gives Opinion on Enterprise-Run Schools**

SK0704104195 Beijing XINHUA Domestic Service in Chinese 1535 GMT 4 Apr 95

[FBIS Translated Text] Beijing, 3 Apr (XINHUA)—The State Education Commission recently printed and distributed "Several Opinions on the Current Work of Enterprises Running Primary and Middle Schools," urging enterprises to continue efforts to effectively operate the primary and middle schools they established when transforming the operating mechanism and establishing the modern enterprise system.

The "opinions" point out: While persistently relying mainly on the government to operate schools, we should

also encourage industrial and mining enterprises, institutions, and other social forces to run schools. This has long been a principle for the PRC to develop various educational undertakings. After over four decades of development, the primary and middle schools established by enterprises have been expanded to a considerable scale; have become an important component of the PRC's elementary education; and have made important contributions to the PRC's educational development, to the improvement of enterprises' reserve labor forces, to the stability of the workers' contingent, and to the promotion of the "two civilizations."

The "opinions" urge: In the process of transforming the operating mechanism and establishing the modern enterprise system, state-owned enterprises should make continued efforts to effectively operate the primary and middle schools they have established. Enterprises should continue to strengthen and improve their leadership and management over the primary and middle schools they have established; increase the input of funds; and, according to the regulations of the "Law on Teachers," protect the legitimate rights and interests of teachers and stabilize the teachers' contingent. Governments, departments in charge of enterprises, and educational administrations of all localities should formulate policies encouraging enterprises to continuously manage well the primary and middle schools they have established. Localities and departments where conditions permit may grant financial subsidies to the primary and middle schools established by enterprises. A good job should be done conscientiously in the refund of the urban surcharge for education. Based on the specific conditions in the operation of primary and middle schools by enterprises, preferential policies may be granted regarding the local surcharge collected by all localities for education to those enterprises that have established schools. Educational administrations from all localities should strengthen guidance to and the management of primary and middle schools established by enterprises; include these schools in local overall plans for educational development and for the universal implementation of the nine-year compulsory education; and treat equally primary and middle schools run by enterprises with other local primary and middle schools.

The "opinions" emphasize: Efforts should be made to explore new ideas and new methods for enterprises to operate primary and middle schools in the condition of establishing the modern enterprise system. Different patterns of running schools may be explored according to the specific conditions of different localities and different types of enterprises, but this must not affect the healthy development of the primary and middle schools established by enterprises. The primary and middle schools run by enterprises are not permitted to close down or stop recruiting new students without the approval of county (city, district) people's governments. The primary and middle schools of enterprises, invested in by state-owned enterprises, constitute an indispensable and important component of the state's educational

resources. Persons in charge should be held accountable according to the law for any wanton infringement on the property of the schools. As for the primary and middle schools established by enterprises that have declared bankruptcy and those that suffer serious losses, in principle local governments should make overall arrangements for them and gradually transfer them for society to operate continuously. When conditions permit, the 100 pilot enterprises experimenting with the modern enterprise system with the approval of the State Council may try transferring the primary and middle schools they have established for society to operate. This experiment should be conducted only when it helps in establishing the modern enterprise system, in developing the elementary education, and in maintaining social stability. The transfer should be conducted under the unified leadership of local governments.

#### **\*Widespread Cheating on Middle-School Exams**

95CM0152C Beijing ZHONGGUO JIAOYU BAO in Chinese 9 Jan 95 p 3

[FBIS Translated Excerpt] [Passage omitted] Today the phenomenon of middle school students cheating on their exams is becoming more and more prevalent; more and more students look upon it as something not worth commenting on, but it must be considered a great mistake in our schools.

On the day of the test the room was dead silent, but an attentive person could, without difficulty, find this sort of thing happening: one of the students taking the test extended a finger and removed his glasses and then rubbed his nose with his hand. At this same time several of the students, seemingly poring over their exam papers, casually glanced that way; in a moment, the student scratched his right ear with his hand, and again the other students casually glanced his way...Looking at such a peaceful and undisturbed exam scene, you probably would not think that these students were cooperating in cheating on the exam. Every movement the student made was a signal prepared in advance. For instance, touching his glasses indicated the first subject; rubbing his nose meant that the answer to be marked was "B"; scratching his right ear signified "A"...This is one of the latest cheating methods currently being used by middle school students in taking the standardized tests. The covertness and intricacy of the maneuvers are such that the test monitors have no real defense.

The continuing increase in the number of cheaters and ever changing new methods of cheating is beginning to worry not only teachers and parents but even some of the students themselves. A survey we carried out in over 30 different schools among over a hundred students shows that the greater majority of the students admit that they have cheated on exams. In addition, there is a considerable number of their classmates who think that cheating is commonplace, an extremely frequent occurrence.

In the past exam cheaters were those who had not studied enough; now students with good grades are also

cheating so as to achieve even higher grades and to confirm their scholastic position. Faced with the cheating, some teachers attempted to make some changes in the testing system. For instance, a young teacher at a certain middle school announced before the test that there would be no rankings, no grade scores would be given, and the test would not be monitored, in the hope that the students would use the test to find their true level and inspect their own studies. The tests were then distributed and the teacher departed. After the tests were collected, almost every student was able to get 100 points. Faced with such a bad old practice and the hard cheaters' mentality, this teacher was not sure whether to laugh or cry.

In investigating the causes of cheating, the middle students believe that the teachers use grades as their only standard for testing the students' excellence or failing and pick people according to a point system, and establish a hierarchy of names; this is one of the main reasons for the ideological pressures exerted on the students and the reason students cheat in order to achieve high grades. In addition to this, cheating on exams also has its origins in familial causes: some heads of households consider good grades more important than ideological quality or abilities; if the child does not get good grades, upon returning home if he is lucky he will get a scolding, if not, a beating. Many parents demand of their children: "You must test among the top three!" and announce their conditions for rewards and punishments.

As far as the question of cheating goes, we also more and more frequently see the students' weak points; a good many of the students have the so called "confused" attitude and as to why they should be "confused" the students cannot say for sure. This phenomenon shows that the goals of the middle school students are not clear, and so they lack a self awareness and the initiative to study. Normally they are confused, at exam time they have to rely on cheating to get by, deceiving themselves and others, wasting their youth.

Simultaneously we see that the influence of money worship is great. The ideal education of our teachers is too disparate with reality. In real life the unfettered power of great fortunes and luxurious life-styles have distorted the students' concept of values. "The uselessness of studies" is presently even more innately, even more hiddenly congealing in the minds of the students. It doesn't matter whether or not one studies, if you have money, you get by: this has become the value choice of many middle school students. [passage omitted]

#### RENMIN RIBAO on Tibetan Cadre

OW0704030195 Beijing XINHUA Domestic Service in Chinese 1347 GMT 6 Apr 95

[RENMIN RIBAO 7 April editorial: "Learn From Comrade Kong Fansen"]

[FBIS Translated Text] Beijing, 6 Apr (XINHUA)—In recent months a name has rung out, spreading like

roaring waves throughout the urban and rural areas on the Tibet Plateau, and across the vast area of Shandong. It is imprinted in people's hearts. This name is Kong Fansen.

Comrade Kong Fansen served as secretary of the Ngari Prefectural Party Committee in Tibet before his death. He worked in Tibet on two tours, totaling 10 years. He made outstanding contributions to the construction, development, and stability of Tibet and formed deep feelings with people of Tibetan nationality. Unfortunately, he died in the line of duty last November, composing a most moving song of dedication and hard struggle. People have deep love for him, admire him, cherish the memory of him, learn from him, and call him "the Lei Feng of the new period" and "the Jiao Yulu of the 90's."

This paper today publishes a long newsletter on Comrade Kong Fansen's deeds, in the hope that communists, and leading cadres in particular, will conscientiously read it, think about it, bring the pioneering spirit of the new period into full play, and emulate Comrade Kong Fansen with actual deeds.

We should learn from Comrade Kong Fansen in taking the interests of the whole into account, and in acting in the staunch party spirit of selfless dedication. Comrade Kong Fansen was born and grew up in Shandong, and his home was there. He had a deep love for his native place and kin. But he understood that Tibet is an inalienable part of the great motherland's sacred territory and that Tibet cannot develop and prosper without the support of cadres and qualified personnel of various kinds from the interior of the country. So, once the party issued a call, he answered the call and rushed to work in Tibet without any hesitation. To live up to the great trust of the party and the people, he left the warmth of his family, gave up his comfortable working and living conditions as well as many other things he could have enjoyed, and devoted all his energies to accelerating the construction of Tibet, strengthening the unity of nationalities, and maintaining the unification of the motherland.

We should learn from Comrade Kong Fansen in having deep love for the people and serving them enthusiastically. Keeping firmly in mind the party's purpose of serving the people wholeheartedly, Comrade Kong Fansen regarded it as his sacred duty to solve difficulties for and bring benefit to the people. As far as he was concerned, "The highest plane a communist can attain is loving the people." He regarded the Tibetan people's hardships and happiness as his own. For the Tibetan people, he donated his money and his blood, and gave his health and even his life. He himself reflected the great unity of love for his family and love for the people, and the great unity of traditional national virtues and the party's purpose.

We should learn from Comrade Kong Fansen's lofty character of working hard and being honest in performing his official duties. Tibet region, high in elevation, vast in area and thinly populated, is cold, oxygen-deficient, and poor in transport facilities and natural conditions. So, both working and living conditions there are very poor. Moreover, Ngari Prefecture is the "roof of the world's roof." It is not hard to conceive what tenacious determination he had in order to work persistently there, and how many great difficulties he encountered. However, he defied those difficulties and gave no thought to his health. "The colder the icy and snowy mountain is, the greater the enthusiasm and loyalty." Comrade Kong Fansen was strict with himself, and was just and honest. He never abused his functions and powers to seek private gain. On the contrary, he adopted Tibetan orphans over a long time, frequently helped sick Tibetan compatriots with medicine, and helped needy Tibetan compatriots generously with money, despite his meager income. His selfless service to the people made people's eyes fill with tears.

We should learn from Comrade Kong Fansen's fine work style of keeping on forging ahead, seeking truth and performing actual deeds. Comrade Kong Fansen had lofty ideals and high aspirations. He always set high standards and demands for himself and strived to do his best in work, wherever he was and whatever his position. He disliked empty talk and stressed actual deeds. After he became secretary of the Ngari Prefectural Party Committee, he traveled in the high mountains and across canyons and grassland to visit Tibetan compatriots and conduct thorough investigations and studies. In as little as several months he visited 98 of the prefecture's 106 townships, and thus laid a solid foundation for drawing the blueprint for building a new Ngari. He united and led local cadres and people in working hard in a down-to-earth way to overcome poverty and backwardness, and won the Tibetan compatriots' love and respect. Through his own deeds, he attracted the attention of the Party Central Committee and people across the country to the people in Tibet, and linked the hearts of the Tibetan people with the hearts of the Party Central Committee and people across the country.

During the new historical period, Comrade Deng Xiaoping has repeatedly taught us to have lofty ideals, moral integrity, education, and a sense of discipline. Comrade Kong Fansen was a model in carrying forward these four virtues. Comrade Jiang Zemin has called on us to carry forward the 64-character pioneering spirit. Comrade Kong Fansen was a model in carrying forward the pioneering spirit. The most fundamental reason that Comrade Kong Fansen could be this way was because he persisted in studying Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, armed himself ideologically with scientific theories, fostered correct ideals and convictions, and established a correct

outlook on life and a correct world outlook. These are precisely the things which merit our learning from the most.

Over the more than 10 years of reform and opening up, China has greatly developed its productive forces, remarkably enhanced its overall national strength, and noticeably improved the people's living standards. These achievements must be fully affirmed. However, generally speaking, the level of economic development in our country is not yet high. In particular, ours is a vast country where there exists a great disparity between urban and rural areas and between different regions, there are many poor regions, and 80 million of its population have not yet shaken off poverty. For this reason, we must work hard for a long time. Our party needs thousands upon thousands of good cadres like Kong Fansen to make contributions to the people. We should say that while we are developing a socialist market economy and having much better material living conditions today than before, to work where life is hard requires even more of a spirit of dedication, sacrifice and hard struggle. Such a spirit, residing in ordinariness, is indispensable to any nation at any time.

Under the leadership of the Party Central Committee with Comrade Jiang Zemin at its core, if more and more comrades become good cadres like Jiao Yulu and Kong Fansen, our party's cohesion capability, centripetal force and fighting power will be greatly enhanced, and China in the 21st century will be full of promise.

#### **\*Seminar Urges Minority Area Market Development**

95CM0207A Beijing MINZU YANJIU [RESEARCH IN NATIONALITY ISSUES] in Chinese No 1, 25 Jan 95 pp 103-107

[Article by Cheng Xinzhe (6774 0207 0772): "Seminar Puts Forward Suggestions To Accelerate Market Development in Minority Areas"]

[FBIS Translated Text] The fifth national nationality theory seminar and advisers' forum were held in Fuzhou and Xiamen, Fujian Province, between 11 and 16 May 1994. They were sponsored by the China Nationality Theory Society and co-sponsored by the agricultural economics committee under the standing committee of the Fujian People's Congress and the province's nationality affairs commission. The seminar was attended by more than 80 people, including advisers to the society, interested leaders and scholars. Among them were Wu Jinghua [0124 4737 5478], Jiang Ping [3068 1627], Ru Xin [3067 0207], Chen Lei [7115 7191], Tian Bao [1131 1405], Wang Duo [3769 6994], Zhang Xiangming [1728 0686 2494], Hu Hong [5170 1347], Zhang Mingjun [1728 2494 0193], Guan Shanfu [7070 1472 1788], Ma Yuhuai [7456 3768 2849], Zhang Shengzhen [1729 5116 7201], Shen Xiayi [3088 6667 3556], Xue Jianhua [5641 0494 5478], Huang Guangxue [7806 0342 1331], Li Min [2621 2404], Zhuo Jia [0587 0502], and Dao Guodong

[0430 0948 2767]. They came from 14 provinces, municipalities, and autonomous regions around the country and represented 15 nationalities. The seminar was highly regarded by and received a good deal of support from the Fujian Provincial CPC Committee and the provincial people's congress and government. Governor Chen Mingyi [7115 2494 5030] addressed the gathering in person. Comrade Wang Yu [3769 6877], president of the Chinese Market Economy Society and professor at the CPC central party school, was also invited to deliver an academic report on the socialist market economy at the seminar.

All seminar attendees agreed that the meeting was a great success. With the "socialist market economy and the nationality issue" as the central topic, a heated discussion took place revolving around how to establish and develop a socialist market economy in minority areas in China and the new characteristics, changes in, and impact of the nationality issue in the course of creating and developing such an economy. The discussion is summarized below.

#### I. The Socialist Market Economy

Seminar participants regarded as a major breakthrough in socialist theory and practice the 14th CPC National Congress's unequivocal adoption of the creation of a socialist market economy as the goal of economic restructuring in China. A socialist market economy differs from capitalism in that: 1) It is a commodity economy under a socialist system; and 2) it brings about the rational allocation of resources under macroeconomic regulation and control by the state.

The creation of a socialist market economy in China is the culmination of 15 years of reform and openness. The open region along the coast has in effect put together a market economy. Minority areas, too, are doing the same thing to various degrees. Now is the time to further develop the market economy.

Creating and developing a socialist market economy in minority areas is profoundly significant for stimulating the development of local productive forces, furthering contacts and strengthening ties among the various nationalities, promoting joint development among the nationalities, and solving China's nationality problem. However, we also should see that the socialist market economy has brought new problems and incongruities to nationality development, including these major ones: 1) the incongruity between accelerated economic restructuring and the limited capacity to cope of minority nationalities; 2) the incongruity between competition at a time when the starting points for development are vastly different and the psychological tolerance threshold of minority nationalities; 3) the disconnection between trends in resource allocation and the severe lag in market development in minority areas; 4) the mismatch between an investment policy that favors the coast and developed areas in the interior and the urgent demand by minority nationalities that the state step up

local investment to accelerate their development; 5) the contradiction between growing economic ties among the nationalities and increasing contacts between personnel and the need to preserve and respect the habits and customs of minority nationalities; and 6) the incompatibility between things that safeguard national unity and promote minority development and those that undermine national unity and hinder minority development. Facing up to and resolving these contradictions, it can be said, is an important way to ensure the development of a socialist market economy in minority areas.

#### II. How Do Minority Areas Go About Creating and Developing a Socialist Market Economy?

It is the consensus of all participants that the creation and development of a socialist market economy in minority areas is inevitable, a road all minority nationalities must travel to achieve modernization. The market economy, where the market plays a fundamental role in resource allocation, is essential to socialized mass production. The development and modernization of minority nationalities is inseparable from socialized mass production, which, in turn, is so intimately intertwined with commodity production, commodity exchange, and the market economy that the two are inseparable. In other words, the modernization of minority nationalities cannot take place without a socialist market economy.

Creating and developing a socialist market economy in minority areas presents both an opportunity and a challenge. There are both favorable and unfavorable conditions. Briefly the former can be summarized as follows:

- 1) There is an intense desire on the part of both the cadres and the masses in minority areas for an accelerated pace in reform and the process of opening up.
- 2) Economic development in minority areas to date provides a strong material base for the growth of a market economy.
- 3) Minority areas have abundant natural resources as well as humanistic tourist resources.
- 4) Minority areas have a long border—18,000 kilometers. As the borders open up, border trade takes off, and the international market is developed, the long border is a boon to the growth of the market economy in minority areas.
- 5) A dozen years of reform and openness has provided good training for the cadres and masses of all nationalities in minority areas, nurturing a host of qualified personnel and accumulating experience in the development of a commodity economy.

Unfavorable factors include:

- 1) Backward thinking, limited commodity and market consciousness, and an underdeveloped commodity market.

2) Backward minority areas and uneven development. A weak economic base.

3) The expansion of local autonomy and the existing fiscal system have spawned protectionism of varying intensity, affecting the smooth growth of a market economy.

4) Backward science and technology [S&T] and education. A shortage of qualified personnel.

It was pointed out that the key to creating and developing a socialist market economy in minority areas lies in changing the thinking of the cadres and masses of all nationalities. Only liberated thinking, updated ideas, and a heightened commodity and market awareness can ensure the successful development of a socialist market economy in minority areas. Also critical are social stability, macroeconomic regulation and control by the state, a range of preferential policies, and support and assistance from developed areas.

### III. Nationality Relations in a Socialist Market Economy

During the transition from a socialist planned economy to a socialist market economy, nationality relations also necessarily go through a period of change from one based on a socialist planned economy to a new form of nationality relations based on a socialist market economy. Although the principles of socialist nationality relations—equity, unity, and mutual assistance—remain unchanged, it is certain there will be changes in the form and substance of nationality relations.

A socialist market economy promotes contacts and interactions among the different nationalities. This will have a profound impact on socialist nationality relations. On the one hand, the creation and development of a socialist market economy is bound to promote such relations. This is because: 1) The socialist market economy breaks down the isolation surrounding minorities and strengthens economic and cultural contacts and exchanges among all people. When nationalities are drawn closer together, the centripetal force among them is enhanced. 2) The creation of a socialist market economy accelerates the movement of labor among the nationalities, prompting them to learn from one another. Nationalities will be rendered inseparable by the fact that they complement one another on a single market and in the economy. Their relations will become even more interwoven in many ways. 3) The competition in a socialist market economy injects fresh economic energy into the nationalities, raising their level of production and producing a material base for the development of socialist nationality relations.

On the other hand, even as it spurs development of nationality relations, the socialist market economy also raises new issues and poses new challenges to nationality relations, as demonstrated primarily in the following

ways: 1) The existing trend toward widening development gaps between the east and west has had psychologically unsettling effects on the minorities; it is a destabilizing factor in nationality relations. 2) As China is opened up to the outside world and the sense of nationalism broadly intensifies, nationality conflicts and contradictions attract growing attention. 3) Surging nationalism in the world directly affects nationality relations in China. 4) The rising dual flow of population between the Han nationality and the minorities will increase contacts all around, but it will also exacerbate inter-nationality conflicts. 5) Market competition and widening interest disparities among the nationalities also hinder the smooth development of nationality relations.

### IV. Competition

Everybody agreed that competition is a cardinal principle of the market economy and is inherent in the creation and development of a socialist market economy. At the same time, the market economy is an economy of the rule of law. Our socialist market economy must not allow laissez-faire competition. Macroeconomic regulation and control by the state is essential, particularly in minority areas. For a variety of reasons, minority areas in China have been lagging in social, economic, and cultural development. The market is underdeveloped. There is a substantial gap between them and the southeastern coast. In their march toward a market economy, minority areas and developed areas in the interior are not at the same starting point. Under anarchistic competition, minority areas are simply no match for developed areas; the best they could do is to serve as raw materials suppliers. For this reason, it is imperative that the state carry out macroeconomic regulation and control and guide minority areas to participate in market competition properly, in the interest of joint development.

On the other hand, minority nationalities have a poor sense of competition and lack initiative. Their mentality is to "wait, rely, and demand." They should jettison all that and make themselves more competition minded. They also should put together a new development mechanism through competition, draw on their internal vitality, improve their caliber, and strive for self-development.

### V. Preferential Policies

Seminar participants noted that socio-economic development among minority nationalities cannot do without state aid. And state aid mostly takes the form of preferential policies. Under the old planned economy, the state formulated a string of special and preferential policies targeting minority areas. During the current transition to a socialist market economy, some of these policies have fallen by the wayside while others exist in name only. The market economy is not omnipotent. To develop the minority areas, it is also essential that we adhere to some of the traditional preferential policies that are compatible with conditions in minority areas. Policies that have

fallen by the wayside and those that have ceased to exist except in name should be replaced by new ones prepared in light of the existing circumstances. This is the only way to bring out the superiority of socialism and the unique features of the socialist market economy that differentiate it from its capitalist counterpart. The government's current development policy should tilt toward minority areas; it should invest in them heavily, tax them lightly, and make loans to them extensively at low interest rates.

As far as minority areas with their uneven level of development are concerned, it is imperative that the government give them strong support in the form of preferential policies.

#### VI. Delegation of Power

Since reform got under way and the open policy was introduced, particularly in the course of creating a socialist market economy, the distribution of interests between the state and minority areas has become increasingly contentious. There are loud demands by minority areas that the state delegate power and make interest concessions. The discussion among seminar participants around the issue of power delegation was also more heated than usual.

Minority areas, some people argued, are not asking the central government to give them this or that special treatment, only the same policy it has developed for special economic zones [SEZ's]. They say minority areas should enjoy the same rights and interests enjoyed by SEZ's and be given a substantial measure of autonomy in financial matters, taxation, and foreign trade. The border has not been opened up the way the coast and the rivers have. In the latter cases, people are free to come and go, but you cannot go beyond the port along the border. It was claimed that openness works in different ways. The border may be open, but the central government has not given up control. It is the central government which determines the jurisdiction of a minority area and limits it to minor things. The central government should apply to the border area the same open policy that it applies to the coast and rivers. Practice proves that any area to which power has been delegated enjoys rapid economic growth, social stability, and enhanced national unity. In contrast, in places where the economy fails to take off, economic failure casts a dark shadow over nationality development and national unity.

Others commented that the central government must grant even greater autonomy to minority areas in order to reconcile general national interests with regional minority interests. Minority areas should have more self-regulatory and control authority than areas inhabited by the Han nationality.

#### VII. Relations Between Reform and Open Policy, on the One Hand, and Regional Autonomy for Minority Nationalities, on the Other

In China regional autonomy for minority nationalities is a fundamental policy designed to solve the nationality

issue. The "Regional Autonomy for Minority Nationality Law" is a basic law of the land. Reform and the open policy have spurred social, economic, and cultural development in minority areas, and therefore should not conflict with regional autonomy for minority nationalities. However, there are some places where the law is not properly executed or which do not have a strong awareness of the law. In those places infractions of the "Regional Autonomy for Minority Nationality Law" in day-to-day work are frequent. For instance: 1) Disregarding legal procedures, some jurisdictions abolish or alter the structure of local government as they please in violation of the law. 2) Local government in an autonomous region is currently a three-tier structure: autonomous prefecture, autonomous county, and autonomous banner. In the wake of development, some jurisdictions have been scrambling to set up municipalities. And since there is no such thing as an autonomous municipality in the existing government set-up, a number of jurisdictions have abolished autonomous counties and established autonomous municipalities instead. This gave rise to a new question: What should be done about county-level autonomous jurisdictions after they meet the criteria for the creation of a municipality? In other words, is there a need for Class I autonomous municipalities? 3) The boundaries between autonomous jurisdictions and their neighboring provinces and regions and disputes arising therefrom constitute another widespread problem of conflicting interests in the days since reform went under way and the open policy was introduced. There is a growing clamor among some such jurisdictions for the return of land that used to form part of their territories. They are also resentful that adjoining provinces and regions have been extracting natural resources within the former's borders without consulting them first. All these problems should be resolved diligently based on the Constitution and other pertinent legislation. 4) These problems show that the regional autonomy law still falls a little short of protecting the legitimate rights of minority nationalities. We should amend the law to put more teeth into it so that it becomes a truly powerful weapon that protects minority nationality rights and interests.

#### VIII. Support and Aid From the State and Developed Areas

Because of their backwardness in development, minority areas need support and assistance from the state and developed areas in the nation. This did not present much of a problem under the planned economy of yesteryear with its administrative approach to governing. Things are now different in the socialist market economy. The state can no longer rely exclusively on administrative fiat. In the course of the transition from a planned to a market economy, state support and aid should be increased, but the emphasis should be on mutual aid and benefit. To do otherwise would be to violate the principle of fair competition in a socialist market economy.

That targeted assistance is a good way to help backward minority areas overcome poverty and advance toward

development has been confirmed in past practice. We must continue to expand targeted assistance by providing minority areas with more personnel and technical support. We should send technicians to minority areas to make contributions and invite the appropriate personnel from minority areas to take up positions in developed areas in the interior for on-the-job training.

In addition, the state should do more to ease poverty in minority areas. Otherwise the gap will continue to widen, which does not bode well for future stability. Antipoverty work should be removed from purely administrative work. The thrust of antipoverty work should be infrastructural development aimed at helping backward minority areas put an end to power shortages and the lack of transportation and communications facilities.

#### IX. Forms of Ownership and the Shareholding System

The socialist market economy demands that the single-ownership system under the planned economy be abolished and that multiple ownership systems coexist. Some people argued that since it is the state that ultimately regulates distribution through taxation and macroeconomic regulation and control, the existence of any ownership system should be allowed provided it meets the "three advantages" yardstick.

Developed areas along the coast are hard at work adopting the shareholding system extensively. So should minority areas. Introducing the shareholding system—a novel integrated form of economic organization—in minority areas in light of local conditions is enormously significant for inspiring production enthusiasm, achieving economies of scale, and developing the local economy.

A problem in the past, some people at the seminar pointed out, was the failure to truly integrate the exploitation of natural resources in minority areas with local economic development. Instead, the government simply offered the local jurisdictions some funds or other compensation. These people argue that along with exploiting natural resources in minority areas, the state should set up large and medium-sized shareholding enterprises that distribute dividends based on the size of a person's stock holdings. This is one feasible way to stimulate socioeconomic development among local minority nationalities. Specifically, development by the state of natural resources in minority areas in the past has brought minimal benefits to the locals while sharply widening the gap between state enterprises, on the one hand, and the way local minorities were actually faring, on the other. Under a socialist market economy, therefore, we should appraise resources in minority areas at market prices in accordance with the principle of exchange of equal values and develop such resources using a joint shareholding system. In other words, minority mass stock and local stock should be offered in addition to state stock so that everybody's interests are joined and that the masses in minority areas are the bona fide beneficiaries. That

way state exploitation of resources will truly be the engine of local development. However, some people disagreed with this proposal, wondering how resources can be converted into shares when such resources belong to the state.

#### X. Some Suggestions

1) Minority areas are backward places where economic poverty and intellectual poverty exist side by side. If they are to take off economically, the key lies in qualified personnel. We propose a "Project Qualified Personnel for Minority Nationalities," much like "Project Hope," the purpose of which would be to end the acute shortage of qualified personnel in minority areas. It is also proposed that the central government train a number of entrepreneurs for them by sending them to advanced places such as Shanghai and Guangzhou to learn.

2) It is proposed that minority nationality development funds be set up to finance projects in impoverished areas. Funds can be run by companies and financial groups which can then take the lead in putting projects together. The use of funds must be paid for.

3) That the advanced help the backward is a major government responsibility. Targeted assistance is a sound approach. What form should targeted assistance take in a socialist market economy? We suggest that the State Nationality Affairs Commission, the nationality committee under the National People's Congress [NPC], the nationality committee under the Chinese People's Political Consultative Conference [CPPCC], and the poverty relief fund under the State Council work out the answer jointly with the cooperation of the Central Organization Department and the United Front Department. Practical feasible measures should be put forward to give targeted assistance an even wider role.

4) About changing or abolishing autonomous jurisdictions. Any changes pertaining to autonomous jurisdictions should be achieved through the appropriate legal procedures. It will not do if we do not follow the law. The issue of replacing autonomous counties with autonomous municipalities has broad implications. It is proposed, therefore, that the State Nationality Affairs Commission, the NPC nationality committee, and the CPPCC nationality committee study it closely and produce a solution.

5) Strengthening Marxist-Leninist nationality education and education in the party's nationality policy remains a matter of vital importance. It is proposed that the senior cadre class at the central party school offer courses in nationality theory so that every single senior cadre has a clear understanding and interpretation of the Marxist-Leninist view on nationalities, the party's nationality policy, and China's nationality problem. Party schools at all levels also should offer nationality theory courses. Nationality theory should be mastered not only by minority cadres, but also by Han cadres.

These issues aside, seminar participants also aired many constructive opinions about the study of nationality theory. They said that the socialist market economy raises many new topics for the student of nationality theory. Nationality theory workers should refocus their research on their own initiative by studying economics and delving into the economic theories and nationality issues of Western nations. They should widen their horizon, broaden their field of investigation, and never stop perfecting their body of knowledge. In addition, they must continue the fine tradition of nationality theory studies and carry out in-depth research to wed theory with practice. They also have the obligation to nurture and build up their own ranks.

#### Sharp Increase in Illegal Emigration Noted

95CM0152A Beijing RENMIN GONGAN BAO in Chinese 19 Jan 95 p 1

[FBIS Translated Excerpt] According to reports from responsible officers of the border defense units of the Public Security Bureau, in 1994 these units nationwide captured a total of 6,838 persons illegally crossing China's borders, and apprehended over 200 "ringleaders" both within and across our borders. Of the total, 1,897 persons were captured during land crossings and 2,437 were captured in coastal areas. The total is 23 percent greater than for 1993.

According to the statements, over the past several years, some of the ordinary people along the coasts, being unaware of the actual situation, were incited and enticed by lawless elements and these "ringleaders" into attempts to sneak across the borders, some even losing their family fortunes in the process. The main road of flight has changed from the generally simple path from some point on the coast to some landing point and has spread along the coastline and extended along interior borders so that massed and single border crossing activity has become quite acute. The "ringleaders" inside and outside our borders are acting in collusion, setting up shared networks and making emigration an international activity, seriously harming our nation's political prestige and adversely effecting and disturbing the social order and peacekeeping in the areas along the borders. [passage omitted]

At various levels within the Public Security border units they have promoted "hit, prevent, control, and build-up" measures, placing the emphasis of anti-emigration work on keeping watch for and preventing large groups of people using boats to cross the borders, to attack the relevant organizations and cliques both inside and outside our borders which provide cross-border transport for other people. The headquarters organs of the Guangdong and Zhejiang border units are working to coordinate efforts with the border patrol headquarters of neighboring friendly provinces to fight inter-provincial border crossing activities and in the past two years have apprehended over 1,100 persons from other provinces. The border patrol units of Fujian, Hainan, Guangxi, Jiangsu,

Shandong, and Hebei Provinces have strengthened their control over coastal patrol craft and fishing boats and the work of inspecting boat registrations. The border patrol headquarters of Inner Mongolia, Xinjiang, Heilongjiang, Jilin, and Liaoning Provinces have persisted in working with the masses against illegal emigration in those areas under their jurisdiction. The border security departments in all areas have joined hands with the public security and criminal investigation units of the Public Security Bureau in fighting illegal emigration and have achieved commendable successes.

#### \*Article on Party Role in Joint-Stock Enterprises

95CM0171A Zhengzhou LINGDAO KEXUE [LEADERSHIP SCIENCE] in Chinese No 1, 11 Jan 95 pp 36-37

[Article by Wang Linhua (3769 2651 5478), chairman, general manager, and party committee secretary of the Shenyang Materials Development Corporation, Ltd: "Characteristics of and General Plan for Party Committee's Leadership of Joint-Stock Enterprises"]

[FBIS Translated Text] The "Decision" made by the Fourth Plenary Session of the 14th CPC Central Committee is a programmatic document for strengthening the building of the enterprise-party relationship during the development of the market economy. We must thoroughly implement the spirit of the "Decision" and must, based on the reality of joint-stock enterprises, work creatively and promote the development of the joint-stock system's standardized operations, so that enterprises constantly improve economic returns.

#### I. Characteristics of Party Committee Leadership of Joint-Stock Enterprise

As a corporate system in which property rights are distinct and in which rights and responsibilities are clear, the joint-stock system can be used by both capitalism and socialism. By putting into practice the joint-stock system, an enterprise smooths out relationships of property rights, separates the ownership rights of the financial backers and corporate rights, and forms a complete economic entity in which the property rights of financial backers, businessmen, and producers are linked and organically integrated, and that possesses the characteristic of wide-ranging raising of funds, limited risk for investors, and scientific organization. This characteristic determines the characteristics of the party committee leadership.

A. The party committee must, based on the characteristic of the pluralization of the main investment body, play the role of the political nucleus of the party organizations. The financial backers of a joint-stock enterprise are the state, enterprises, and individuals, which, according to the proportion of stock held, separately and legally enjoy stockholder rights. These rights include profits from assets, making major policy decisions, and selection of managers; and, within the limits of the amount of

financial backing, they bear a limited responsibility, do not take a direct part in the economic activity of the enterprise, and can legally transfer the ownership of the property they hold. The enterprise, with all the civil and corporate rights it enjoys, bears civil responsibility, lawfully takes the initiative in operations, takes sole responsibility for profits and losses, and, with regard to the financial backer's assets (capital), bears responsibility for maintaining and increasing their value. A joint-stock enterprise sets up a leadership system suited to the market economy, including stockholder meetings, boards of directors, and boards of supervisors. It also sets up internal administrative and management bodies for which the general manager is responsible and puts into effect an operations department management system. The implementation and placement of this new form of management requires that party organizations play their role as the political nucleus; and for the party organizations to play this role they must, based on the characteristics of a joint-stock enterprise, carry out and implement the party's line, principles, and policies in the enterprise. With regard to the enterprise's major problems, they must put forward opinions and suggestions and take part in policy decisionmaking; support stockholder meetings, the board of directors, the board of supervisors, and the general manager's lawful exercise of functions and powers; lead the staff and worker congress and the trade union, the Communist Youth League [CYL] and other mass organizations; and coordinate enterprise internal relationships—all in order to ensure that enterprise returns increase constantly.

**B.** Based on the characteristics of the diversity of property relationships, the party committee must play the role of the fighting bastion of the party organizations. In the form of material objects in kind or in the form of value, a joint-stock enterprise can take part in stock holding and buy stock in order to form all kinds and types of companies. It has to undergo three tests: The first test is that of its business risks; the second is meeting unexpected, sudden accidents and natural disasters; and the third is that managerial personnel and workers at all levels must accept the negative effects caused by the market economy. To pass these three tests, the party committee needs to play the role as fighting bastion. Only thus can we improve the quality of all personnel, raise the funds report-back rate and the labor productivity rate; we cause the enterprise, when meeting sudden accidents, not to be fearful in the face of great danger, meet the attack calmly, stiffen morale, and dispel worries and resolve difficulties; and standardize the behavior of party members and staff, make them observe discipline and obey laws, and promote the development of the market economy.

**C.** The party committee must, in line with the characteristic of the diversification of production and operations, give play to the vanguard exemplary role of party members. A joint-stock company is under dual pressure: external and internal. On the one hand, the internal staff must improve working and living conditions and

increase income. This requires that the enterprise, in line with changes in market supply and demand, apply the law of value and achieve an effective increase in value. Otherwise, there will be a drop in the enterprise's prestige among its stockholders and a weakening of its good image in society, and it might even close down or go bankrupt. The law and rule of the market economy is the survival of the fittest, and it shows not the slightest mercy; this is also where the joint-stock enterprise's risk lies. Party members are required to play their vanguard exemplary role and become the pacemaker in production and operations; become the staff backbone in publicizing, unifying, and educating; and become the vanguard in doing one's best in the discharge of one's duties, in being honest in performing one's duties, and in waging arduous struggle. Only by playing his vanguard exemplary role in production and operations, can an enterprise's Communist Party member be a truly qualified member of the party.

## **II. General Plan of Party Committee Leadership in Joint-Stock Enterprises**

In line with the "Decision's" four guiding policies for strengthening the building of the party's basic-level organizations in order to standardize the behavior of party organizations in joint-stock enterprises, we must deal with four relationships: First, there is the relationship between getting a good grip on building the party, performing well the tasks of enterprise production and operation, promoting the smooth fulfillment of these tasks, and making the starting and stopping points of party committee work the maintaining and increasing of the value of state-owned assets, and using them as the criteria for examining the work of party organizations. The second relationship is that between carrying on and developing—both carrying on the party's effective, fine traditions and work style, and, based on the new situation in joint-stock enterprises, constantly create new activity contents and work patterns. The third relationship is that between education and restraint, being strict in inner-party life, enforcing party discipline, and enhancing the ability of party organizations to resolve their own contradictions. The fourth relationship is that between the current and the long range. With regard to the education of party members, there must be both a long-range plan and a tight grip on currently prominent problems. To integrate with the reality of the joint-stock enterprise, the following must be done:

**A.** Change the way of thinking and ensure that supervision is done well. A joint-stock enterprise entails a major change in property rights relationships, and this requires that the party committee change its way of thinking, adjust its vision, and find its correct place. The party committee must change its party-building standpoint from the past standpoint in which the party was in charge of party building to the standpoint in which enterprise operations are the center, ensuring that the enterprise changes its operating mechanisms and that state-owned assets maintain and increase their value.

The party's work in publicizing and education and in ideology and political affairs must be changed from the past closed type within the enterprise to an open type geared to the whole body of stockholders in society. The party committee's quality will also change from the past concentration on one thing only to a compound type that meets the need for developing the market economy. In actual work, it must be made clear that the party organizations of a joint-stock enterprise occupy the political nucleus position and play the role of the political nucleus. The main tasks for doing this are: 1) In line with the party constitution and state laws and regulations, closely center on initiating party work on enterprise reform, on the changing of operational mechanisms, and on production and operations. 2) Thoroughly implement the party's basic line, and ensure the thorough implementation of party and state principles and policies in the enterprise. 3) With regard to production and operations, technical development, administration and management, personnel management, other major issues, put forward opinions and suggestions and take part in policy decision making. 4) Strengthen the party organizations' building of ideology, organization, and work style, and in enterprise reform and development give full play to the party organizations' role as fighting bastions and to the Communist Party member's role as an exemplary vanguard. 5) Lead the ideological and political work of the enterprise and its building of spiritual civilization, and cultivate "four haves" staff ranks that meet the demands for a modern enterprise system and for enterprise development. 6) Support stockholder meetings, the board of directors, the board of supervisors, and the general manager in lawful exercise of functions and powers; lead the staff and worker congress and the trade union, the CYL, and other mass organizations; coordinate relationships in all aspects within the enterprise; protect and arouse the enthusiasm of all quarters; and with one heart and one mind see that the enterprise is run well.

Ensuring and supervising the implementation of the party's and state's principles and policies is the important task of enterprise party organizations. For doing this the following method may be applied: First, the responsible persons of the enterprise's party organizations are to join the board of directors, the board of supervisors, and the operational group, and take direct part in them. Second, the proportion of administrative and leadership personnel in party committee meetings is to be expanded. Third, the system of having the manager (general manager) periodically report to the party organizations should be adopted. Fourth, joint meetings of party and political groups to discuss major issues are to be convened. Fifth, the main party and political responsible persons are to keep each other informed, and before making a policy decision the party committee is to conduct an investigation and study and to put forward opinions and suggestions; during policy decisionmaking they are to bring up these opinions and suggestions in a vigorous, initiative-taking, conscientious, and responsible way, and after the policy decision is made, they are

to make a full effort to coordinate with all relevant quarters in carrying out and implementing the decision.

**B. Set up sound enterprise party organizations.** Only by being organized can their role as a fighting bastion be played. At the appropriate time, we must, in line with the setting up of production and operational organizations and with the constantly changing situation, set up sound party basic-level organizations, allocate full- and part-time party secretaries, and, in line with the "Decision's" requirements, with improvement of quality and enhancement of party spirit as the goals, educate and manage party members well, so that every party member, without the slightest exception, joins a party organization and takes part in its work. Through the work of the party organizations and the party members, the party's line, principles, and policies are to be thoroughly implemented at the basic level, and the masses are to be spurred to struggle to fulfill enterprise production and operational tasks.

**C. Enhance the building of leading groups at all levels of the party in an enterprise.** The core of the fighting bastions is the leading groups at all levels, and enhancing the building of leading groups is the most important thing in enhancing the building of the party in a joint-stock enterprise. First of all, we must enhance the ideological building of leading groups, use Deng Xiaoping's theory of building socialism with distinctive Chinese characteristics to arm the whole body of group members, uphold the linking of theory to reality, creatively initiate work, advance the process of standardization in the joint-stock system, raise the report-back rate, and promote an effective increase in the value of assets. Second, enhance the organizational building of leading groups. In line with the requirements of the "four subordinations" of party democratic centralism, make party democratic life sound and firmly safeguard the authority of the central authorities, provinces, and municipalities directly under the central government. Uphold the organizational system in which collective leadership and individual division of work responsibility are integrated, achieving a situation in which all the major issues of principles and policies, and all the recommendations, appointments, and dismissals, and rewards and penalties with respect to important cadres, are decided by collective discussion. Third, enhance the building of leading group work style. Uphold the work style of linking theory to reality, closely integrating with the masses, and initiating criticism and self-criticism; set up necessary, practical, and feasible systems; further standardize the behavior of members of leading groups at all levels; consciously accept the supervision of party organizations and the masses; resist the influence of the negative effects caused by the market economy; and become examples of honesty and self-discipline.

**D. Select and train leading cadres and managerial talents with both political integrity and ability.** The joint-stock system that we have set up is one that possesses distinctive Chinese features, and, therefore, it upholds the

principle that the party manages the cadres. From a look at the present time, we see that we can adopt the alternating style of the double-track system: Party organizations must be responsible for managing well cadres within the party, including their selection, appointment and dismissal, and apportionment, and must, in line with standards, put into practice management by classification. The company's party organizations are, in relevant aspects, to nominate the company manager, and the manager is to nominate the assistant manager and the responsible persons of the managerial departments; they are to make inspections and put forward suggestions; and the board of directors or the manager is to appoint and dismiss people. With regard to the members of the enterprise party and political groups in a joint-stock company, the company party committee organization department is, with the administrative and personnel departments, to carry out joint inspections and put forward suggestions on the namelist of the important persons who are recommended. The party committee is to appoint and dismiss cadres directly under its control. The middle-level administrative staff is to be appointed by the general manager, who must, in line with the "four modernizations" criteria of having both political integrity and ability, appointing people on their merits, and paying attention to society's public opinion, do well the work of cultivating and selecting talented persons who have both political integrity and ability, so that there will be people following up the enterprise.

### Science & Technology

#### Nuclear Official Interviewed on Daya Bay Problem

OW0504141895 Beijing XINHUA in English 1351 GMT 5 Apr 95

[FBIS Transcribed Text] Shenzhen, April 5 (XINHUA)—French and Chinese nuclear experts are going out of their way to deal with the technical problem which postponed the restart of the Unit One reactor of the Daya Bay Nuclear Plant.

"We need some time to find a solution," said a plant official during an interview with XINHUA today.

He said that there are mature techniques in the world to tackle the control rod problem, but every plant has its own control rods, different from others.

The Unit One reactor was shut down for refueling and maintenance on December 17 last year and was scheduled to restart on March 4 this year. However, on February 14 seven of the 53 control rods—which are inserted into the fuel rods to slow down the nuclear reaction—failed to pass a test prior to the restart.

Orders were thus given to close down the reactor. The whole plant stopped production on Tuesday [4 April], when it was the Unit Two reactor's turn for refueling and maintenance.

The equipment supplier, Framatome, and technical manager, Electricite de France, have both sent experts to Daya Bay to reinforce the team already stationed there, the official said.

The supplier has the duty to put forward a repair plan and technical details as soon as possible, as preparations for the overhaul are under way, the official added.

Chinese nuclear safety authorities said that the National Nuclear Safety Bureau (NNSB) will approve the restart of Unit One of the Daya Bay Nuclear Plant only after it meets the relevant safety requirements.

An NNSB official said here today that it is of the utmost importance to guarantee nuclear safety at the Daya Bay plant, China's biggest commercial nuclear facility.

The NNSB official said that the Unit One reactor is now in a state of safe shutdown. The NNSB monitoring station in Guangdong Province is closely following the process of solving the technical problem.

The plant official said the Unit Two reactor is expected to restart early this June if everything goes well.

Before the plant resumes full operation, power supplies to both Guangdong and Hong Kong will be affected "to a certain extent", the official said.

But he said that the parties concerned are now coordinating in order to offset the shortfall.

#### Jiang Chunyun Urges Timely Weather Forecasting

OW0604155495 Beijing XINHUA in English 1447 GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Vice-Premier Jiang Chunyun today called on Chinese meteorologists to make timely and accurate weather forecasts to assist disaster combating and reduction, and agricultural production.

While inspecting the China Meteorological Bureau this morning, Jiang asked various localities and departments to support meteorological work and use weather forecasts to combat and reduce natural disasters, so that a good harvest can be reaped this year.

He praised the bureau for its progress in modernization in recent years and expressed his thanks to workers of the bureau for their contributions to the country's economic construction.

He said, "Meteorology, in particular, plays a significant role in preventing, combating and reducing natural disasters."

China's farming sector is still subject largely to the influence of the weather, he said, adding, "Making meteorological work a success constitutes an important guarantee for China's agricultural development."

He asked meteorological bureaus at all levels to make accurate short-term as well as long-term weather forecasts.

In line with information provided by meteorologists, he added, governments at various levels must take effective measures to reduce the impact of disasters to a minimum.

The leader also stressed the need to enable all citizens, especially farmers to have a good knowledge of meteorology.

This makes it imperative for various government departments to join hands in spreading such knowledge, Jiang said.

### **Herbal Medicine Can 'Cure' Hepatitis B**

OW0704044495 Beijing XINHUA in English 0242  
GMT 7 Apr 95

[FBIS Transcribed Text] Harbin, April 7 (XINHUA)—A traditional Chinese herbal medicine invented by a pharmaceutical producer in northeast China's Heilongjiang Province is claimed to be able to cure hepatitis B.

According to the results of trial dosages given to about 10,000 hepatitis B patients in two major hospitals in this provincial capital, above 90 percent of the patients have been cured.

Hepatitis B is a possibly-fatal disease and occurs worldwide, with two million people dying of it every year. There are 300 million hepatitis B virus carriers across the world including 100 million in China.

After tests carried out by institutes in China and one in the United States, it was found that the herbal medicine, named "Yigankong" (meaning "for curing hepatitis B"), can help to increase the human body's immunity, resulting in an anti-virus effect.

According to the general manager of the Heilongjiang Medical Treatment Technology Development Company, Sheng Zhenming, "Yigankong" is a combination of several secret recipes from traditional Chinese medicine.

Sheng has decided to donate five million yuan-worth of "Yigankong" to people in Taiwan, where a large number of people are suffering from hepatitis B.

### **Guangxi Develops 1st Permanent Magnetic Generator**

OW0704043595 Beijing XINHUA in English 0215  
GMT 7 Apr 95

[FBIS Transcribed Text] Nanning, April 7 (XINHUA)—China's first permanent magnetic generator used on buses has been manufactured in southwest China's Guangxi Zhuang Autonomous Region.

The highly-efficient generator is more reliable, saves energy, and generates electricity at a constant rate even when the buses are running at a slow speed.

For decades, China's buses have used excitation generators, which often stop working when the buses run at slow speed.

The State Science and Technology Commission has decided to expand use of the new generator across the country this year.

### **Coalmaker Converts Waste Into Useful Material**

OW0604012695 Beijing XINHUA in English 0107  
GMT 6 Apr 95

[FBIS Transcribed Text] Shenyang, April 6 (XINHUA)—Coal mines in Fushun, a leading coal producer in northeast China, are extracting oil from kerogen, which was considered a hazardous waste only a few years ago.

This is an encouraging news for a country which lacks oil and has to import a great amount of from abroad each year.

Kerogen is a mixture of flammable clay rock and marl. It serves as the principle material for artificial petroleum.

Fushun has a proven reserve of 3.6 billion tons of kerogen, an estimated one billion tons of which can be tapped.

In recent years local mines have extracted 166,000 tons of oil from kerogen and gained a sales value of 100 million yuan.

A refinery with an annual production capacity of 120,000 tons of oil to be extracted from kerogen is entering the last stage of construction.

## **Military & Public Security**

### **State Arranges Placement of Demobilized Officers**

SK0704025095 Beijing XINHUA Domestic Service in Chinese 1812 GMT 5 Apr 95

[By Guo Jia (6753 0857), RENMIN RIBAO correspondent, and Xu Jingyue (1776 0079 6460), XINHUA correspondent]

[FBIS Translated Text] Beijing, 5 April (XINHUA)—The 1995 national work conference on making arrangements for the placement of demobilized army officers opened in Beijing today. The conference will discuss and arrange tasks for the placement of demobilized army officers this year.

Li Guixian, councillor of the State Council, delivered a speech at the conference, in which he stated: Arrangements for the placement of demobilized army officers have a direct bearing on the stability of the Army and the

society and on the development of economic construction. Demobilized army officers are the precious wealth of the party and country and also an important force in building socialist modernizations. We should regard the arrangement as an important political task, proceed from the entire situation of reform, development, and stability, and display a high sense of responsibility in politics to realistically complete arrangements.

Li Guixian stated: Arrangements for the placement of demobilized army officers are duties undertaken by all party and government organs, enterprises, and establishments. No units are excepted from the arrangement and the units under the central departments are directly in charge of the management in this regard. Policies and work arrangements for the placement of demobilized army officers this year have been clearly defined. The key to the arrangement lies in implementation. We should earnestly study the focal and difficult points in the arrangement and do a good job in making arrangements for the placement of officers demobilized from divisions and regiments and in grasping training work and housing affairs for them. The outlet to arrangements in this regard lies in reform. We should reinforce the dynamics in reform in the arrangement this year and carry out deep study over the deep-rooted issues in this regard.

Song Defu, head of the Leading Group for Placement of Demobilized Army Officers under the State Council and minister of personnel affairs, also delivered a speech in which he stated: The CPC Central Committee, the State Council, and the Central Military Commission have decided in principle not to carry out large readjustment over arrangement policies this year according to the development and demands of the present situation and in line with the reality of work in this regard. They have also decided to maintain stability and continuity of policies in this regard and to supplement and improve certain policies in line with the new tasks and situation when necessary. 1) Transregional placement for the talented personnel needed by work has been put forward definitely. The allocation of demobilized army officers should be carried out through overall consideration and all-round arrangements. Placement should be spread out and reinforce and enhance enterprises and establishments. 2) In line with the demand of enforcing the system of public servants among the state administrative organs, demobilized officers at or below the battalion level who are able to assume nonleading posts—such as section staffers—can be employed through examination or appraisal. Those at or above the regiment level still can be employed through the method of test. 3) Efforts should be made to enliven the methods of personnel allocations and gradually foster and develop talented personnel markets for these officers. 4) Various localities should not only safeguard the unity and sanctity of policies in this regard but also work out measures by proceeding from their reality to ensure the implementation of the policies.

Yu Yongbo, member of the Central Military Commission and director of the General Political Department of the People's Liberation Army [PLA], pointed out: A fundamental favorable condition for making the arrangement successful is the great importance attached on it by the CPC Central Committee, the State Council, and the Central Military Commission. Moreover, local party committees and governments at all levels have increasingly attached great importance on the arrangement; policies in this regard have improved increasingly; and arrangement channels have been broadened. We should do a good job in conducting ideological education by aiming at specific problems and guide the broad masses of demobilized army officers to clearly discern the country's excellent situation in reform and construction and to be fully confident in making contributions and establishing a career in their new posts. We should also encourage these officers to develop the fine tradition of the PLA, to firmly foster the thinking of arduous struggle, to enhance their sense in discipline, to consciously abide by the organized allocations.

Attending the work conference were the leading personnel of work groups in charge of the arrangement from various provinces, autonomous regions, municipalities, and cities authorized to undertake independent accounting plans; as well as relevant leading personnel from the central state apparatus, the PLA organs, and the armed police forces.

#### **Hunan Leader Discusses Militia, Reserve Forces**

*HK0704020195 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 1 Apr 95*

[FBIS Translated Text] At the 31 March provincial meeting on comprehensively improving the work of county, city, and district people's armed forces departments, and on summing up the work experience of militia organizations and reserve forces over the past three years, Wang Maolin, secretary of the provincial party committee and political commissar of the provincial military district, gave an important speech on strengthening national defense reserve forces, and on the work of local people's armed forces departments.

Comrade Wang Maolin said: Strengthening the construction of national defense reserve forces and improving the work of local people's armed forces departments in the new period is an important part of reform, development, and stability. In past years, Hunan leaders at all levels attached importance to the work of strengthening national defense reserve forces, and supported the work of local people's armed forces departments. In some areas, however, leaders paid only lip service to work in this field, and sometimes even neglected it when they were busy with other work.

Comrade Wang Maolin required leaders at all levels to correctly understand the current domestic and international situation, keep themselves sober-minded, and further increase their sense of responsibility and urgency

for strengthening national defense reserve forces. He pointed out that the principle of the party commanding the gun should be put into actual practice, and this requires the guarantee of well-established rules and regulations. The provincial party committee requires that local party committees at all levels continue to carry out the system according to which the secretaries of local party committees are concurrently first secretaries or secretaries of party committees in military organizations at the same level, while at the same time, a major leader of the military organization is concurrently a member of the standing committee of the local party committee. Party committees at and above the county level should discuss military affairs regularly. People's armed forces departments should be set up in all towns, townships, factories, mines, and other grass-roots institutions, and they should be subject to the leadership of party committees at the same level. Militia organizations should be led by local units, both civilian and military.

**\*Article Reviews Deng's Military-Economic Theory**

95CM0178 Beijing JINGJIXUE DONGTAI  
[ECONOMIC DYNAMICS] in Chinese No 1, 18 Jan  
95, pp 21-22

[Article by Ren Xikui (0117 1585 7608) and Wang Qihua (3769 0366 5478), both of the Wuhan Military Economics Institute: "Summary of Conference on Deng Xiaoping's New Period of Military-Economic Theory"]

[FBIS Translated Excerpt] A conference on Deng Xiaoping's new period of military-economic theory was convened by the Chinese Military Science Association and the military-economics Research Center for the Entire Military at the Wuhan military-economics Institute from October 26 to 29. Over 80 experts from the three general headquarters, each of the military regions, and military institutes and colleges and other units attended the conference. [passage omitted]

The fourth phase: After the expanded session of the Central Military Commission in June 1985, Deng Xiaoping's military-economic theory entered a phase of richness and development. During this phase, Deng Xiaoping, as China's highest military commander, has not only drawn a blueprint for the modernization of China's military but has also laid out a series of theoretical principles for the new period of military-economic construction which form a systematic military-economic theory for the new period.

Some comrades have analyzed the historical conditions for the formation and development of Deng Xiaoping's new period of military-economic theory: 1) A relatively peaceful international environment. Since the 1970's, peace and development have been two main themes of today's world; the scientific and technological revolution has flourished; the world has shifted away from a bipolar environment based on opposition between the United

States and the Soviet Union toward a multi-polar environment after the disintegration of the Soviet Union; the forces for world peace are increasing in strength, and the age of superpower countries controlling international politics and launching large-scale wars has disappeared to return no more. 2) The domestic environment of modernization and reform and opening. 3) The great practice of military-economic construction. As the political and economic situations within and outside China and the guiding theories of armed forces construction have undergone transitions, there has been a major adjustment in the direction of military strategy, bringing military-economics into a new period of development. The guiding theory, main mission, development path, and basic principles of military-economics are all undergoing continual perfection as practical development proceeds.

**II. The Basic Content and Characteristics of Deng Xiaoping's New Period of Military Economics**

**1. The basic content of Deng Xiaoping's new period of military economics.**

The participants in the conference all felt that Deng Xiaoping's new period of military-economic theory is an important component of the theory of socialism with Chinese characteristics and also a relatively independent theoretical system, the crystallization of the collective wisdom of the people of the Communist Party, with Deng Xiaoping as their main representative, and the leaders of the entire military. The main contents of this theoretical system are: 1) The theory of adapting to changes within and outside of China and to the major adjustment in the strategic direction of China's military and transforming the guiding thought of military-economic construction. 2) The theory that military-economic construction must submit to and serve the overall picture of national economic construction. 3) The theory of accelerating improvement of the weapons and equipment of the armed forces, in keeping with current national strength. 4) The theory that military-economic construction must uphold "the unity of the military and the people, the unity of peace and war." 5) The theory that military-economic construction must adhere to the policy of "independence and self-reliance, with appropriate importation." 6) The theory that military-economic construction must rely on military science and technology. 7) The theory that military-economic construction must respect, train, and appropriately utilize talent in military-economics. 8) The theory that military-economic construction must adapt to the needs of military struggle and the demands of a market economy. 9) The theory that military-economic construction must strengthen management and pay attention to effectiveness. 10) The theory that military-economic construction must be steadfast in reform.

**2. The special characteristics of Deng Xiaoping's new period of military-economic theory.**

Participants at the conference felt that the fundamental characteristic of Deng Xiaoping's new period of military-economic theory is seeking truth from facts. Examples of this are analyzing the political, economic, and military situations within and outside of China by seeking truth from facts and then deriving a set of policy principles for making the transition in military-economic construction from a period of approaching war to a period of peace; seeking truth from facts to delineate the developmental path, fundamental approach, and methods of carrying out military-economic construction; seeking truth from facts to put forth a developmental strategy for China's military-economic construction with an emphasis on improving weapons and equipment, using of military science and technology as a guide, and based on training and appropriately using talented people in military-economics.

### **III. The Guiding Significance of Deng Xiaoping's New Period of Military-Economic Theory in China's Military-Economic Construction**

First, it is advantageous to the maintenance of the stability of the armed forces. Deng Xiaoping believes that the stability of the armed forces requires a greater environment of a stable country and the basis for stability of the country lies in the economy. If the economy cannot grow, then the country cannot gain stability. He emphasized that China must absolutely cease following class struggle as the basic principle and shift the working focus of the party and the country as quickly as possible to a path centered on economic construction. The military must also absolutely submit to this overall condition. At the same time, due to economic development, even without changing the proportion of the national budget used by China's military (or at times even decreasing this proportion), the total amount spent each

year on the military has still increased somewhat, providing a relatively good material guarantee for the economic demands of the armed forces, and thus furthering the stability of the armed forces and of the nation.

Second, it is advantageous to the reform of the military-economic system. Starting with the principle that military-economic construction must submit to and serve the economic construction of the nation and at the same time must build a high quality military, Deng Xiaoping gave many specific and precise instructions regarding the reform of China's military-economic system. For example, he called for reform of the highly centrally planned system of production of military goods, with many military industries which produce only military goods, and the supply and demand of military goods, with the problem of long-term implementation of an allocation and transfer system, and for operation of this system in keeping with market economy principles.

Third, it is beneficial to the advancement of the comprehensive building of China's military. China's military-economic construction should include two aspects: One is the existing actual military-economic strength, and the other is long-term military-economic potential. We should pay very close attention to changes in the international situation and make continual corresponding adjustments in the particular emphases of China's military-economic development. In an environment where world war is temporarily unlikely to occur, we may place our emphasis on the acceleration of development of China's military-economic potential. At the same time, we must pay attention to the establishment of a complete and healthy national economic mobilization system and strengthen our ability to transform military-economic potential into actual military-economic strength and realize the strategic goals of China's military construction.

### General

#### Wu Bangguo Urges Establishment, Support of Firms

OW0604141995 Beijing XINHUA in English 1402  
GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Vice-Premier Wu Bangguo has urged that efforts be made to establish and support a number of big companies and big groups that are essential to China's economy.

Addressing a national conference on trying out enterprise groups held here April 4-6, Wu said, "Practice has proved that to invigorate the state-owned sector we must set up and aid a number of big companies and big groups which are essential to the national economy."

According to the leader, the 500 largest manufacturers in China account for 37 percent of all state-owned manufacturers in terms of the value of assets.

The 500 manufacturers also contribute 46 percent to the earnings of all manufacturers from sales and 63 percent of profits of all manufacturers.

That is why they can be considered what Wu called the "key minority".

"By making a success of the 'key minority', we can keep in our hands the lifeline of the national economy and the leading force for stimulating China's economic growth," he said.

Meanwhile, the expansion of big groups will spur the development of large numbers of small and medium-sized enterprises, he added.

Vice-Premier Wu stressed the importance of studying how to promote the experiment of establishing enterprise groups under a socialist market economic structure.

Every experimental group must adapt itself to both the domestic market and the global market, draw up feasible development plans, and preserve and increase the value of state-owned assets, he added.

The leader asked all experimental groups to develop their own technology, products and marketing methods, and open diverse money-raising and investment channels.

Since 1991, some 56 state-owned enterprises have been chosen to engage in enterprise group experiments. Now, 34 of them enjoy provincial status in state plans, 33 have set up financial companies, and 54 have import and export autonomy.

#### Pricing Impasse Could Delay Beijing-Kowloon Railway

HK0704105495 Hong Kong HONGKONG STANDARD  
in English 7 Apr 95 p 6

[By Pamela Pun]

[FBIS Transcribed Text] The railway ministry is locked in fierce bargaining with Guangdong authorities over the price of services in a section of the Beijing-Kowloon railroad, China's largest rail project linking the north with the booming south and prosperous Hong Kong.

The impasse could delay the opening of China's biggest rail network.

The Ministry of Railway, which manages the national rail network, has to negotiate with Guangdong for the right to use the Guangdong section of the new Beijing-Kowloon railway.

Guangdong is funding that section of the railway.

The railroad project, begun in 1992, will share some 80 kilometres of tracks with another ongoing railway project in Guangdong—the Guangzhou-Shantou railway.

China sources said the ministry had no choice but to pay for the use of the local railroad section if it wanted to operate commercially by year-end.

They said cabinet-level officials were preparing to cut the ribbon at the opening ceremony for the 2,538-km Beijing-Kowloon railway sometime in December either in Beijing or Shenzhen.

Sources were not confident the issue would be settled soon.

The 480-km Guangzhou-Meizhou-Shantou Railway (GMSR), which stretches from the prosperous east to the relatively undeveloped west of Guangdong, was a locally funded project scheduled for completion on 28 December 1995, an official from the office of the Guangzhou railway section told The Hongkong Standard.

A Chinese source said there was disagreement over the pricing for both cargo and passenger.

He said local investors had pumped at least two billion yuan (HK\$1.83 billion) into GMSR.

The Beijing-Kowloon railway will use the 80-km Longchuan to Chongming stretch over which Guangdong has property rights.

Other parts of the new railway were built by the central government during the past decades without any conflict with local governments.

The completion date for the railway was advanced by two years to the end of 1995 due to mounting transportation needs across the country.

The railway will connect Beijing, Tianjin, Shandong, Henan, Anhui, Hubei, Jiangxi and Guangdong through more than 152 km of bridges and 32 km of tunnels.

By connecting 98 towns and cities along the line, China's longest railway will benefit 70 million people, most of them living in poor regions.

**Largest Polymer Producer Sees Profits Jump 64%**  
*OW0604142095 Beijing XINHUA in English 1354*  
*GMT 6 Apr 95*

[FBIS Transcribed Text] Hong Kong, April 6 (XINHUA)—China's largest polyester producer Yizheng Chemical Fiber Company Limited announced that its profit after taxation grew by 64 percent to 978.02 million renminbi yuan (114.97 million US dollars).

Its turnover rose 44 percent to 6.21 billion yuan (730 million US dollars) from 4.3 billion yuan (551 million US dollars).

Earnings per share were 30.8 fen (3.6 US cents), up 24 percent.

Commenting on the results, Managing Director Ren Chuanjun said that demand for the company's polyester products was boosted by the continuing rise in living standards in China, the limited growth of cotton production and the broad usage of polyester.

Yizheng, which accounts for 40 percent of China's total polyester output, was a major beneficiary of the weak cotton harvest, but its increased product price could not compensate for the higher raw materials cost.

Last year, its sales grew 6.8 percent to 571,000 tons and export sales in foreign currency rose 16.6 percent to 42.35 million US dollars.

By the end of 1995, his company will be able to produce 680,000 tons of polyester products a year due to the completion of Phase III projects and continuous technological improvement, Ren said.

**Chemicals Firm To Engage in Comprehensive Trading**

*OW0604133895 Beijing XINHUA in English 1324*  
*GMT 6 Apr 95*

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—With State Council approval, the China National Chemicals Import and Export Corporation (SINOCHEN) has become the first Chinese enterprise to try out operations as a comprehensive trading company.

With an annual turnover of nearly 15 billion US dollars, the corporation will combine trade with industrial production to spur exports, according to an official of the corporation.

It will also combine trade with financial services and bring into full play its role as an investment company in order to provide money-raising services to various enterprises, the official said.

He said that his corporation will acquire and merge with other enterprises, and handle the business of domestic and foreign trade.

One of the largest foreign-trade companies in China, the corporation mainly handles the import and export of

crude and refined oil, chemical fertilizers, rubber, raw materials for the chemical industry, plastics and reagents.

With 46 subsidiary companies overseas, it has established a global marketing network. It is now also involved in such industries as finance, manufacturing, shipping, real estate and information.

To date, it has invested at least 800 million US dollars in China and the rest of the world, the official said.

**Finance & Banking**

**\*Article Views Development of Financial Sector**  
*95CE0334A Beijing JINRONG SHIBAO in Chinese 7*  
*Mar 95 p 1*

[Report by Sun Lingyan (1327 0407 3601): "Like a Host of Blooming Flowers Heralding the Arrival of Spring, the Vigorous Growth of China's Financial Businesses Is an Outstanding Achievement"]

[FBIS Translated Text] Since reform and opening, China's financial operations, which began with a single banking system, have gradually established a system of financial organization in which a system of macroeconomic regulation and control by a central bank with an independent monetary policy under State Council leadership coexists with diversified financial institutions in which commercial banks are major players and policy financing is separate from commercial financing. Finance has become a key state lever for tightening and improving macroeconomic regulation and control, speeding up and promoting the establishment of a socialist market economy, and advancing the national economy. Particularly in 1994, guided by Comrade Deng Xiaoping's theory on building socialism with distinctive Chinese characteristics and the party's basic line, financial reform took significant steps and made smooth advances.

**Basic Changes That Have Occurred in the Status and Role of Finance**

Finance plays the following enormous roles in our national economy.

1) It absorbs deposits and increases the amount of cash withdrawn from circulation. In 1994, deposits in financial institutions throughout China were up 1.1269 trillion yuan, including all state bank deposits up 795.2 billion yuan, or 37.1 percent, and urban and rural individual savings deposits up 631.5 billion yuan, or 41.5 percent [figures as published], making their role in our national economic growth obvious to all. 2) It sharply adjusts our credit structure, ensuring priority needs. In 1994, all loans for national priority construction projects arrived on time per provision; loan priority was in support of agricultural production, particularly production funds for grain, cotton, and edible oils, with farm loans up 16.4 billion yuan; working capital loans

actively supported state enterprises with marketable products and good efficiency, foreign trade imports, and high-tech industrial development needs. Meanwhile, as finance is one of the key means of macroeconomic regulation and control of the national economy, its use to make timely adjustments of currency and credit and to adjust society's gross capital has ensured the sustained, rapid, and healthy growth of our national economy. The "golden bridge" of Chinese finance has become one of the most crucial links in our economic construction.

#### Financial Reform for All To See

As China's central bank, the People's Bank of China [PBC] has made substantive reform progress. 1) It has tightened centralized management of currency and credit. 2) It has expanded use of monetary-policy instruments. For the first time, the central bank has used adjustment of lending rates of financial institutions as a means of curbing monetary demand; it has further expanded the use of rediscounting; and in Shanghai, it has set up an open market operations office to handle basic currency flows through the foreign exchange market. 3) It has begun to officially publicize the money supply, treating gross credit by financial institutions and the money supply as key macroeconomic monitoring indexes. Meanwhile, its financial supervision and control has gradually become standardized, with its pace of computerization speeded up. PBC branches have begun a full-scale functional conversion.

The three policy banks have been formally established and begun operations. Due to a clear division of labor, the separation of policy financial businesses from commercial financial services is initially completed. The three policy banks are now operating very nicely, having issued 77.5 billion yuan worth of financial bonds to financial institutions in 1994, in support of national basic-industry development.

Special banks have begun the conversion to being state-owned commercial banks. As they are practicing asset-liability ratio management under lending quotas, organically combining control of gross lending with tighter internal fund controls, uniform management, and risk prevention, they have made valuable explorations in establishing self-restraint and risk-prevention forces.

In 1995, some large and medium-sized cities are setting up urban cooperative banks, which will add new members to China's financial circles. Foreign exchange reform has successfully merged exchange rates, with the exchange settlement system in full operation, the renminbi [RMB] exchange rate steady but rising, and the RMB conditionally convertible for current accounts.

Our financial opening up to the outside world and international intercourse is being further expanded. By the end of 1994, 18 cities had set up 393 foreign financial institution representative offices, with 13 cities having set up 118 foreign financial institution business branches. China now has over 500 overseas financial

institution branches. China's dealings with the international financial world are growing. In October 1994, Comrade Zhu Rongji led delegations to the annual meetings of the IMF and the World Bank, where he gave important speeches setting forth China's position on international economic cooperation, which were praised by the attending member countries. China has now become an official member of the World Bank, the IMF, the Asian Development Bank, and the African Development Bank.

#### Financial Businesses Blooming Everywhere

As finance is elevated in status and role, its ever closer ties to public activities are bringing the rapid growth of financial computerization, with ever more advanced means. The PBC's satellite communications network and computerized joint-banking system are growing quickly. The satellite communications network now covers more than 400 secondary and county branches, with 203 cities having achieved intercity settlement computerization, and the amount of fund intercourse through computerized joint-banking throughout China now averaging more than 30 billion yuan a day. The financial system is now equipped with more than 200 large and medium-sized computers, with computerized business sites reaching 58,000, and automatic teller machines topping 3,600. It is understood that banking computerization will make greater strides in 1995, with a modern payment system for international bidding completed, and simulation testing and payment pilot programs underway in 20 cities. We will expand the PBC's computerized joint-banking branches from 400 to 600, with 500 additional small satellite stations. We are also intensifying establishment of an intercity notes settlement system and the "rapid communications project," to speed up data transmission.

To the average Chinese citizen, the concept of finance is no longer limited only to time or demand deposits, but rather has expanded to a broader scale. Forms such as national treasury bonds, finance bonds, enterprise bonds, stocks, and joint funds, as well as credit cards, personal checks, and transferrable time deposit receipts, are all options, with all sorts of banking collection- and payment-agent services reaching even deeper into many establishments. The Industrial and Commercial Bank of China's wage-payment agent-service alone has 234,000 participating units, involving 28.99 million employees, with commissioned wage payments reaching 82.8 billion yuan. China's five banks have now issued more than 4 million credit cards, with annual credit card transactions reaching 200 billion yuan. The widespread use of diversified financial instruments has not only amassed for the state a large amount of production and construction funds, but is also quickly increasing and diversifying the financial assets of urban and rural residents. With China's urban and rural savings now topping 2 trillion yuan, in addition to cash on hand, all types of negotiable securities, and foreign currency deposits, Chinese citizens now have a quite impressive amount of financial assets.

We will give special mention here to the stock market. China now has two stock exchanges, in Shanghai and Shenzhen, with two corporate stock index quotation systems, STAQ and NET [expansions unknown], 91 specialized stock companies, 329 nonbank financial institutions providing concurrent stock exchange services, and over 1,400 stock-operating agency sites. The Shanghai and Shenzhen stock exchanges now have nearly 300 A shares and over 50 B shares listed, with 14 enterprises having H shares listed in Hong Kong, and two enterprises listed on the New York Stock Exchange. We now have nearly 200,000 personnel engaged in stock services. With this stock market growth also spurring enterprises to upgrade to shareholding, China now has more than 20,000 shareholding enterprises of all types.

With the Chinese stock market making strides toward standardization and data computerization, it has now become a key means of fund-raising for both government and enterprises. A "securities law" is expected to go into effect in 1995, which will play a key role in promoting sound stock market growth and ensuring economic reform.

#### A Rosy Future

It is precisely due to reform and opening that China is genuinely towering like a giant in the Orient. A succession of foreign entrepreneurs and financiers are favoring the Chinese market. Cities such as Shanghai, Beijing, Guangzhou, and Shenzhen have become the sites of choice for foreign banking investment in China. Shanghai is now the Chinese city with the most foreign banks, with 31 foreign-invested institutions of all types, and an additional 84 foreign financial institution representative offices. This could be said to be inseparable from China's economic development, reform, and opening, particularly our financial reform and opening. Certain international financial experts are very optimistic about this, holding that as China expands reform and opening, it can be expected to grow into an international finance center by the mid-21st century.

Having reviewed the past and taken a look at the future, the vigorous growth of China's financial businesses shows one aspect of China's enormous progress toward maturity and advancement. For this, the vast numbers of employees in China's financial world and the public can all feel thankful.

#### \*Article Predicts Rising B-Share Prices in 1995

95CE0334B Beijing JINRONG SHIBAO in Chinese 1 Mar 95 p 2

[Article by Zhang Jun (1728 7486): "The Turning Point for China's B-Stocks Will Come in 1995"]

[FBIS Translated Text] In the nearly three years that Shanghai's B-stock market has been in operation, it has experienced countless trials and tribulations. As to the market-trend development path, after its start at 100

points in early 1992, it quickly shot up to a record of 140 points, since when its stock index has been essentially in a declining trend, with the overall market in a long-term decline accompanied by short-term technical rebounds. It reached its record low of 52 points in July 1993, then rebounded sharply in the last half of the year spurred by the wildly skyrocketing stock markets in the Asian-Pacific region, returning to 100 points by the beginning of 1994. However, this boom did not last long, with the decline immediately recurring, to stop at only 60 points. While it started to rebound in May 1994, it ran into resistance again at 85 points in September, was unable to set a new high, and so declined again to its starting point of 60 points by year's end. The annual service lifeline on the K-line chart for 1994 of a real long-range of about 40 points shows that the B-stock market is continuing its long process of bottoming out.

There are many reasons for the long-term decline of the B-stock market. Problems such as a too slow pace of development with too small a market scale and too little liquidity, lagging market legislation with tedious transaction formalities and too high costs, nonstandard actions by listed companies with disparities with international practice in many regulatory areas, China's economic overheating, and the recent international stock market volatility, have all left outside investors, the major players in B-stock market investment, taking a cautious wait-and-see approach to the B-stock market, so not making any large investments. However, while the B-stock market has never seen such glorious days as the A-stock market and the national treasury bond market, it is still undeniably attractive to investors. Comparing B-stocks to A-stocks, either share prices or market profit rates, they both now have investment value, with the cause of their decline being unsuitable basic market aspects, while many signs show that the basic aspects of the B-stock market will change in 1995.

1. The ever-growing attention paid to the B-stock market by management will be the greatest engine driving its growth. With regard to the introduction to the stock market of international capital, for a long time now management has been unresolved on the issue of whether to base it on the Chinese or overseas markets. This is clearly reflected in the large amount of overseas listings of Chinese enterprises, particularly key large and medium-sized ones, which has put considerable pressure on the as yet immature B-stock market, leaving outside investors with little confidence in its growth prospects, thus affecting their investment enthusiasm. While overseas listings have the advantage of raising funds as quickly as possible, this comes at the price of postponing China's market-growth process. However, if precedence is given to developing China's money market, while this may make it hard in the short run to raise large amounts of funds, it can be taken advantage of to establish a savings-investment industry that will be very crucial to China's modernization and economic growth. Happily, management has promptly recognized this issue and recently declared clearly that as the active expansion and

improvement of the B-stock market is a key policy decision made by the State Council Securities Commission, the introduction of foreign capital through the stock market should be based on developing China's market. This will undoubtedly be a crucial long-range policy advantage for B-stock market growth.

2. The plans to issue \$1 billion worth of B-stocks in 1995 will essentially change the B-stock market state of too small a scale and too little liquidity. Of course, while this large-scale expansion of the B-stock market capacity might create short-term market pressure, it has become the consensus of all parties that expanding its capacity is the only way to develop the B-stock market. The large-scale expansions of A-stock market capacity in 1992 and 1993 created a new age for its growth. And as the huge issue of 100 billion yuan worth of national treasury bonds in 1994 moved the bond market from desolation to prosperity, we believe that the expansion of the B-stock market capacity in 1995 will also be a turning point.

3. Formulation of the national "interim regulations of B-stock market management" is now being speeded up, with the legal establishment improving. Listed-company behavior is gradually being standardized. Transaction formalities and costs are being gradually streamlined and reduced. Chinese investors are expected to be officially allowed to invest in the not too distant future, all of which will create favorable terms for the B-stock market in 1995.

4. With regard to the external market climate, while the Chinese economy in 1995 will remain in an adjustment period, regulation and control will gradually achieve results, with inflation momentum slowing, and the probability of an economic "soft landing" great, which will induce outside investors to more confidently invest in China's money market. As far as international stock markets are concerned, particularly U.S. and Hong Kong stocks that are closely tied to the B-stock market, while a bear market is unavoidable, in contrast to the wild and torrential 1994 slide, the 1995 showing is expected to be quite mild. So while the international macroeconomic climate for B-stock market growth in 1995 will not be so favorable, neither will it be so unfavorable.

In short, we have grounds to predict that 1995 will become the turning point for B-stock market growth. As capacity expansion succeeds, the Shanghai B-stock market can be expected to remain mostly around 50-60 points, to gradually reverse its long-term declining trend of the last three years.

### Foreign Trade & Investment

**Jiang Zemin Meets U.S. Oil Company Executive**  
OW0604114195 Beijing XINHUA in English 1121  
GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Chinese President Jiang Zemin met here this afternoon

with Lee R. Raymond, chairman of the Exxon Corporation, the leading oil company in the United States.

Jiang expressed his appreciation for the company's efforts in promoting the development of Sino-US trade ties, and said that the Exxon's cooperation with China in the fields of oil and chemical industry has been fruitful over the past decade.

Raymond said that his company is willing to have a full and long-term cooperation with China in the energy industry, which plays a much important role in China's economic growth.

Raymond arrived here Wednesday [5 April] at the invitation of the State Planning Commission.

Chen Jinhua, minister in charge of the State Planning Commission, was present on the occasion.

**U.S. Insurance Brokerage Plans New Offices**  
OW0604121495 Beijing XINHUA in English 1100  
GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—Johnson & Higgins (J&H), one of the three biggest insurance consulting companies in the United States, will open a branch company here within several months to be followed by a second office in Shanghai.

The first office of the company was set up in Beijing in November 1985. During the past decade, J&H has provided information about various insurance services for more than 70 U.S. and European companies in China.

Yuan-Kee Lee, vice president of the company, says that J&H has kept good business ties with the People's Insurance Company of China, the China Pacific Insurance Company, and the China Pingan Insurance Company.

According to her, J&H has arranged training and visits for representatives from China's and other countries' insurance companies, as well as providing data on the insurance business in the United States, Europe, and Southeast Asia.

The J&H hopes to make long-term investment in China, in order to play an active role in China's economic development, she added.

**Sino-U.S. Helium Joint Venture Launched**  
OW0604141595 Beijing XINHUA in English 1341  
GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—The Beijing AP Beifen Gases Industry Company, a Sino-US venture and the largest helium manufacturer in China, went into operation here today.

The venture, between the Beijing Analytical Instruments Factory and the AP Company of the United States, will turn out one million cu m of helium a year.

It cost 5.7 million US dollars to build.

Helium is extensively used in such areas as the space, nuclear energy, superconductor, electronics, chemicals and metallic processing industries, as well as in scientific research.

The Chinese partner in the joint venture is the largest analytical instruments manufacturer in China.

One of the three leading gas producers in the world, the US partner exports its products to 40 countries.

**Liaoning Uses Russian Funds for Nuclear Energy**  
*HK0604120095 Hong Kong TA KUNG PAO in Chinese*  
22 Feb 95 p A1

["Special dispatch" by staff reporter Liu Wen-yen (0491 2429 5333) on interview with Liaoning Provincial CPC Secretary Gu Jinchu and Liaoning Province Acting Governor Wen Shizhen by Tsang Tak-shing, TA KUNG PAO editor-in-chief in Shenyang 22 February: "Liaoning Imports Russian Capital To Develop Nuclear Energy"]

[FBIS Translated Text] Shenyang, 21 Feb—In an interview this afternoon with Tsang Tak-shing, editor in chief of TA KUNG PAO, Gu Jinchu, secretary of the Liaoning Provincial CPC Committee, and Wen Shizhen, acting governor of Liaoning Province, first warmly welcomed Tsang's visit and expressed their heartfelt gratitude for the large amount of TA KUNG PAO reports on Liaoning Province.

When talking about the question of Liaoning Province carrying out the "outward-pulling strategy to speed up entry onto the track of market economy," Gu stressed: While enlivening the large and medium enterprises, we will set up a number of corporations transcending nations, provinces, and regions, all putting their highly competitive products in the lead to better suit the needs of the market economy. In line with the establishment of the market economy, we must eradicate the mentality of departmental ownership, and barriers between different departments and regions, and truly break with the old planned economic system in terms of the entire social environment, including the lay-out of enterprises.

Gu said earnestly: If we do a good job in carrying out the outward-pulling strategy, I think all farsighted industrialists can take this place as a focal point for their investments. This will be much better than other places practicing the bubble economy. I hope TA KUNG PAO can act as a go-between, do more publicity work for Liaoning, and attract more foreign investment to Liaoning so that we can work together to develop Liaoning's economy.

When talking about whether the selection and appointment of directors and managers for Liaoning's large and

medium enterprises was influenced by politics, Gu said: People abroad cannot understand the quality of our entrepreneurs fully in accordance with the practical situation in our enterprises. At present, moral integrity and ability are still demanded of our entrepreneurs. What we mean by moral integrity is strong devotion to one's work, which is different from the political criteria and the criteria of class struggle in the past. In future, the ranks of entrepreneurs should be separated from those of administrative officials. The entrepreneurs should definitely be responsible for increasing the value and profits of their respective enterprises. This is something which must be reversed. In the future, with the switch in government functions, enterprises will have their own staff which should not be mixed up with government staff. In the past, the government took direct charge of the economy and those without experience in running the economy could hardly do the job well. In future, the functions of the government are to manage the macro-level and take charge of society and this is different from being an industrialist.

As to the question of how the large and medium enterprises in Liaoning can enter the market and move toward a bright future as quickly as possible, a question that people at home and abroad have shown great concern about, Acting Governor Wen Shizhen pointed out: We must push Liaoning into the market as quickly as possible. We should not only push into the domestic market and occupy a greater market share but also enter into competition and rivalry in the international market and become a member of the major cycle of the international economy. As regards the shift of enterprise mechanism, adjustment of structure, and the deepening of reform, we must take the development of the export-oriented economy and doing a good job in grafting and transforming old industries as a strategic measure for managing large and medium-sized enterprises well. By the end of this century, two-thirds of our large and medium enterprises will set up, to different extents, joint ventures or cooperative enterprises with foreign investors, or go overseas to participate in joint ventures or cooperative management. We will strive to have 100 large and medium enterprises grafted or transformed every year. Foreign industrial investors now see the strength in Liaoning and, since last year, they have been more active in investing than before. Thus, there is a possibility that the abovementioned targets can be realized.

He cited an example, saying: We have taken the path of utilizing foreign capital to develop power industries in Liaoning. The power industry has a rather large storage capacity in Liaoning where the generating units have a capacity of 10 million kw. We have put forward the idea of attracting increased capacity with storage capacity and of attracting foreign capital with the existing storage capacity. We have adopted four methods of utilizing foreign funds.

First, the utilization of loans from foreign governments. We have made use of \$1.2 billion in Russian loans to

build the Suizhong Power Plant, Yingkou Power Plant, and the nuclear power projects under the co-sponsorship of the Chinese and Russian Governments. Yingkou Power Plant is equipped with generating units of 0.6 million kw and Suizhong Power Plant has generating units with a capacity of 1.6 million kw.

Second, joint stock power plants. We transfer ownership rights after assessing the assets of a power plant. Hence, we sold 28 percent of the Jinzhou Power Plant's equity for a sum of 2.8 billion yuan and part of the Shenyang Heat and Power Plant's equity in return for 0.7 billion yuan.

Third, the practice of taking the existing power plant as the capital stock to attract foreign funds and set up an investment company. We can use the existing power plant as capital stock and cooperate with foreign capital in making reinvestment. We have placed \$100 million as our capital stock and attracted another \$100 million from an American company, so that each side had a 50 percent stake. As the total investment should be \$600 million and as we do not have that much in funds, the new company is trying to collect the remaining \$400 million. We use this method to obtain financing and have succeeded in collecting \$100 million.

Fourth, the method of listing the existing power plant stocks abroad. The Huaneng Power Plant in Dalian City has been listed in the United States through the Huaneng Electric Power Company. By issuing the stocks at a ratio of 1:4.3, its original assets have increased by 3.3 times. The capital we have acquired can be used on the second-phase project transformation and the construction of new power plants.

Therefore, the utilization of foreign capital is an important measure to graft and transform old enterprises because it needs less investment and yields quick results. We can make use of the original material basis and human resources to develop new productive forces.

Wen made a further analysis, saying that there are two problems which need to be handled properly if one wants to do the job of grafting and transforming large and medium enterprises well. The first is the original burdens of the large and medium enterprises and the second is the resettlement of staff and workers. The burdens should be borne by the old enterprises and gradually repaid every year from the profits they make. As to the surplus staff and workers, they should be resettled as necessary and encouraged to engage in as many industries as possible.

Whether or not the state economy has vigor and vitality depends mainly on whether or not the industrial enterprises have vigor and vitality. The state-owned large and medium enterprises are the representatives competing in two markets and they are also the concrete embodiment and representation of our comprehensive national strength.

As to the question of whether or not the selection and appointment of chief executives of large and medium enterprises are influenced by politics, Wen said: When we select directors and managers for the enterprises, we observe not only their business capability, operations, and management but also their organization and leadership capabilities and their basic quality. Certainly, in terms of politics we stress the sense of responsibility, enterprising spirit, the quality of not seeking personal benefits, and the spirit of dedication. As the market economy develops, we need to train a large number of professional entrepreneurs. Especially when Sino-foreign joint-ventures are set up, we shall not easily and lightly transfer entrepreneurs into government institutions because, by so doing, the interests of shareholders will be adversely affected. In the future, therefore, professional entrepreneurs should be set apart from government officials and we will not select and appoint administrative officials any more from among the entrepreneurs.

**Chengdu To Improve Intellectual Property Rights**  
OW0504084795 Beijing XINHUA in English 0815  
GMT 5 Apr 95

[FBIS Transcribed Text] Chengdu, April 5 (XINHUA)—More than 150 businesses dealing in floppy discs, compact discs, and integrated computer circuits in Chengdu, the capital of Sichuan Province, have gotten approval by registering with the city's Administration of Press and Publication.

This is part of the city's efforts to enhance protection of intellectual property rights (IPR) and develop a licensing system to keep the electronics data recording legal. The move is significant for controlling the illegal reproduction of electronics goods, say local officials.

For some time now, a number of people have pirated floppy discs, CDs, and integrated circuits, and sold them at low prices in the city's markets, affecting normal business of legally-produced electronics, and harming the interests of real manufacturers and lawful businessmen.

The Chengdu Administration of Press and Publication found that strictly controlling and supervising marketing of electronics is an important measure of protecting IPR and clamping down on the rampant pirating of electronics.

It passed a regulation demanding that, before April 1, companies which reproduce, copy, distribute, and market electronic products must register and get a permit at the bureau before signing up at the city's industrial and commercial departments.

It specifies that, from April 1, organizations without the approval from the bureau are not allowed to do business in electronics publications.

### Hong Kong, Macao Rank 1st in Top 10 Investors

OW0604155795 Beijing XINHUA in English 1433  
GMT 6 Apr 95

[FBIS Transcribed Text] Beijing, April 6 (XINHUA)—A total of 20.2 billion US dollars of actual investment from the Hong Kong-Macao region to the Chinese mainland in 1994 made the territories rank first among the top 10 investors in the mainland.

Official figures show that Taiwan and the US maintain the second and third places.

Taiwan has invested 3.39 billion US dollars in the mainland, while the US, the largest foreign investor in China, has invested 2.49 billion US dollars.

However, these four places' combined contracted investment registered a drop last year when the Hong Kong-Macao region reported a drop of 36.5 percent, Taiwan, 46 percent and the US, 12 percent.

In 1994 the Chinese Government approved foreign contracted investment totalling 82.68 billion US dollars, a decrease of 26 percent over a year earlier.

Reliable sources said the main reason for the decrease was the drop of the investment from Hong Kong and Macao.

Although the contracted investment in China dropped last year, the actual foreign investment registered a record 33.8 billion US dollars.

At the same time, investment from Japan, Singapore, the Republic of Korea (ROK) and Britain reported varying increases in 1994.

Japan and Singapore increased their investments by 35 percent, the ROK by nearly 40 percent, and Britain, which reported the highest contracted investment in China, increased its investment by 50 percent.

According to the Ministry of Foreign Trade and Economic Co-operation, these countries respectively ranked 4th, 5th, 6th and 7th in the top 10 investors in China. Their actual investment was 2.08 billion, 1.18 billion, 720 million and 690 million US dollars, respectively.

The remaining three were Germany, Thailand and Canada, whose actual investment exceeded 200 million US dollars each.

### Fortunes of Locally Listed PRC-Backed Fund Viewed

HK0704103495 Hong Kong WINDOW in English 7 Apr 95 p 52

[By Michael Steinberger]

[FBIS Transcribed Text] Regent Fund Management enjoys a good brawl. It also enjoys the limelight. The firm, based in Hongkong and controlled by Canada's

Regent Pacific Group, specializes in raids on other funds, a bloody business that always draws a crowd.

But Regent's latest escapade is attracting more attention than usual: The company is calling for the liquidation of China Assets (Holdings), a Hong Kong-listed fund that invests directly in China and is backed by the Chinese Government. Until now, most investors have been unwilling to criticize the lacklustre performances and business practices of firms with powerful patrons in Beijing; Regent has broken the taboo.

By any measure, China Assets has been a disappointing "China play." Like other PRC-backed entities that were set up in Hong Kong just as investor euphoria over China reached its peak in 1992, China Assets was born a star. The fund's impressive pedigree—it is managed by China Venturetech Investment Corp, which is affiliated with China's Ministry of Finance and the State Commission for Science and Technology—immediately brought in U.S.\$77 million in seed money. Among the investors were HSBC (Hongkong and Shanghai Banking Corporation) Nominees, Chase Manhattan Nominees, and the Asian Development Bank.

In April 1992, China Assets was listed on the Stock Exchange of Hongkong at \$9 per share, a 67 percent premium to its net asset value—impressive, since most investment trusts trade at a discount.

**The launch:** The launch of China Assets was spectacular but its downfall has been even more so. Its shares now languish at around \$4 per share, a 45 per cent discount to its NAV [net asset value]. Investors have soured on China and are especially wary of direct investment; but the decline in China Assets is due mainly to its dismal performance.

China Assets has been slow to put its money to work in China and the investments it has made have generally fared poorly. The worst loss came in April 1993, when the fund disclosed that it had suffered a HK\$46.8 million loss on an investment in Evertech Electronics, a circuit-board maker in southern China.

But more disturbing than the loss was China Assets' lack of transparency. At the time the write-off was announced, investors knew only that the loss came in the electronics industry but had not been told the firm's name; a significant detail, given that 7.7 percent of the fund's assets were tied up in Evertech. This secrecy was typical: It took China Assets more than a year to issue an annual report and details about other investments were equally hard to come by.

And only a month after China Assets was floated, China Venturetech unloaded half its holdings in the fund, a move which alarmed both analysts and investors. However, Dennis Cassidy, a managing director with Standard Chartered Asia, which is authorized to speak on behalf of China Assets, says there was no rule at the time that barred founding shareholders from selling shares soon after a listing.

Poor investments, a whiff of controversy, and a cheap share price—China Assets had become, by the end of last year, just the sort of fund that Regent targets. True to form, Regent quietly purchased a 10 percent stake in China Assets in February.

On March 14, the firm announced its acquisition and demanded a special shareholders' meeting to address a series of proposals that called for the following: The removal of China Assets' current board of directors; the liquidation of the fund's investments, to take place over three years; and a cash disbursement to shareholders. China Assets currently has 43 percent of its net assets in cash.

Because Regent's shares were not yet registered, China Assets was able to deny the request for a shareholders' meeting. That was only a stalling tactic—the shares are now registered and a shareholders' meeting may take place as soon as next month—but the fund has also taken other measures.

Zhang Xiaobin, the chairman of China Assets, resigned last week and was replaced by Lao Yuanyi, a China Venturetech executive previously based in Beijing. The fund also unveiled two new investments in China that will total U.S.\$18.69 million; Regent intends to sue if China Assets goes ahead with its plan.

Regent claims the support of 30 per cent of its fellow shareholders but China Assets is clearly prepared to fight. In fact, there have been rumours that China's central bank intends to offer the fund assistance to stave off the challenge.

And some fund managers feel that Regent may have put itself in an untenable situation. The current investment climate in China would make it extremely difficult for China Assets to sell its holdings there. If, on the other hand, Regent backed off, the firm could have a hard time selling its stake in the fund, given the stock's poor liquidity. Peter Everington, a managing director with Regent, says: "Obviously, it's seen as us versus the mainland. But as far as we're concerned, it's just business."

That is not how most observers see it and the outcome could change the way others approach investments that bear the China label.

#### \*Guangxi Export Record, Prospects Reviewed

95CE0305A Nanning GUANGXI RIBAO in Chinese 12 Jan 95 p 6

[Article by Lian Younong (6647 0645 6593): "A Retrospect and Outlook of Guangxi's Exports"]

[FBIS Translated Text] Since the start of the reform and opening drive, Guangxi's export development has undergone three stages: stagnation, comparatively fast growth, and fast growth. During the Sixth Five-Year Plan period, the amount of exports remained around \$350 million.

The 1985 amount was only some \$10 million more than 1980—a mere 1.71 percent increase in five years. The Seventh Five-Year Plan period saw a comparatively fast growth in Guangxi's exports, averaging 14.41 percent annually. Since the beginning of the Eighth Five-Year Plan, especially after Comrade Deng Xiaoping's southern-tour speech, Guangxi's exports, like all other economic sectors, have entered a fast-growing stage, with an average annual growth rate of over 20 percent.

A review of the three stages of Guangxi's export development shows that the fast growth during the Seventh and Eighth Five-Year Plan periods was largely attributable to the continuous progress made in reforming the foreign trade system and the macroeconomic environment of the rapidly growing economy. Guangxi's foreign trade reform began in 1987 with the implementation of the contract management responsibility system as a prelude. In 1988, the Guangxi Regional People's Government adopted a "Decision on Accelerating and Deepening the Foreign Trade Reform." The effects of this were: First, the previous state of affairs where "everyone ate from the central government's big pot" and where foreign trade was a monopolized business" no longer existed. Second, foreign trade companies were prompted to pay attention to improving economic efficiency and control the costs of export and losses within a certain limit. They cut or stopped exports of commodities that might incur big losses and increased exports of commodities with little risk of losing money. In 1991, the regional foreign economic relations and trade commission put into effect a series of measures to cope with the state's abolition of export subsidies and the preferential policy of allowing minority areas and special economic zones to retain a certain percentage of their foreign exchange earnings on exports. These measures further improved the contract management responsibility system for foreign trade and put foreign trade enterprises on the track of independent operations, self-responsibility for profits and losses, and self-improvement. The year 1993 was the first following the abolition of the quota system for export goods procurement. That year Guangxi promptly put forward an export strategy of "massive economic and trade activities." Specialized foreign trade companies no longer enjoyed the sole power of imports and exports, and diversified units could engage in export trade to earn foreign exchange, including not only foreign trade companies, but also those manufacturers who wished to export their own products and the three kinds of partially and wholly foreign-funded enterprises. Meanwhile, foreign trade enterprises also changed how they operated. They no longer limited their operations to exporting certain categories of goods, but diversified their line of business to cover numerous kinds of commodities to be marketed both at home and abroad. The sustained, in-depth development of foreign trade reform contributed to the fast growth of exports. Additionally, after Comrade Xiaoping's southern-tour speech, Guangxi adopted a development strategy of "accelerating the construction of the passage and invigorate the

Guangxi economy" in conjunction with the implementation of the central authorities' instruction on "giving full scope to Guangxi's role as passage to the sea in Southwest China." Since then, the region's economy has entered a fast-growing stage. In 1992 and 1993, GDP growth reached 18.3 and 21.2 percent respectively. The amount of foreign investment and the gross output value of township enterprises have both multiplied year after year, pushing the region to the country's front ranks in terms of the growth rates in these two aspects. The quick growth of the region's economy has laid a firm foundation for the rapid increase in exports.

However, we should also note that, since the start of the reform and opening drive, Guangxi has lagged behind or remained at the same rank in the country in terms of the amount of exports. During 1978-1980, right after the start of the above drive, it was the ninth largest exporter in the country. After that, each year it lagged farther behind other provinces and autonomous regions, and in 1988 it fell to the 17th place. Over the last six years, this downward trend ended as a result of its steady, fast export growth, but still no improvement was made as far as its rank in the country is concerned. This indicates that with the continuous expansion of the opening scale, all provinces and autonomous regions across the country are making remarkable progress in accelerating their export development, and under such circumstances Guangxi must maintain a still higher export growth in order to catch up with and overtake the advanced provinces and regions.

Guangxi's total amount of exports in 1994 is estimated at or above \$1.5 billion—the second instance in which its export amount doubled. While the first such instance took us 10 years, the second instance came only four years after the first one. Now, there are still six years before the end of this century. During these six years, Guangxi should be able to double its export amount for the third time. The chief reasons are: First, there is a pretty good international environment for export development in the days to come. The recovery of the world economy will bring a new look to world trade, and increased international market demand will help promote China's exports. Second, a new foreign trade system has been established. The series of foreign trade reforms, particularly the new round of reform in 1994 focusing on replacing the double-track foreign exchange rate system by the single-rate system, have quickened integration of China's foreign trade system with the international system. A number of deep-seated problems that have long impeded our development of foreign trade are being resolved. The current environment for developing foreign trade, marked by unified policies, liberalized operations, self-responsibility for profits and losses, and competition on equal terms, is especially conducive to foreign trade enterprise participation in the international division of labor and international exchanges, development of an open-type economy, and economic complementation between China and the world. Third, Guangxi's efforts to redouble its exports is

in step with a similar nationwide drive. Recently, Premier Li Peng has said that in the year 2000, China's total amount of exports should double the 1994 figure and hit the target of \$200 billion. The nation's fast-paced development of exports, and possibly the adoption of an appropriate export-oriented policy, will have a direct positive effect on speeding up Guangxi's export development. Guangxi, situated on a sea coast in a border area, has pretty good conditions for developing exports. In increasing the amount of exports, it should be able to keep pace with other provinces and regions in the country. Fourth, Guangxi's exports are in a fast-growing stage with an average annual growth rate exceeding 20 percent since the beginning of the 1990's. Currently, such a trend has shown no sign of dwindling. To redouble the amount of exports in the next six years, all is needed is to maintain the annual export growth rate at about 12 percent. That is, judging from the export growth trend, Guangxi should be able to achieve the goal of redoubling its amount of exports. Fifth, the sustained, fast growth of Guangxi's economy in the days to come will give a powerful support to its exports. In 1995, Guangxi is expected to redouble its gross product—it only takes the region five years to do so. Further, there are signs showing that Guangxi will try to double its gross product for the third time in the Ninth Five-Year Plan period, at which time the average annual growth rate of its GDP will reach 14.8 percent. This is higher than the annual export growth rate required for redoubling its exports in the next six years. The all-round, sustained, and quick growth of the economy will not only require a fast growing export trade, but also provide a reliable basis and powerful support for the rapid growth of that trade.

**\*Article Views Sichuan Patent Protection Efforts**  
95CE0305B Chengdu SICHUAN JINGJI RIBAO in  
Chinese 26 Jan 95 p 2

["Dispatch" by reporter Li Zuomin (2621 0155 3046):  
"Patent Work in Our Province Rises to a New Height"]

[FBIS Translated Text] Our province has seriously strengthened the protection of intellectual property rights and safeguarded the legal rights and interests of patent holders as provided by the law. As a result, our patent work has been raised to a new height.

Last year our province filed a record number of patent applications with the state patent authorities, says Jiang Youlin, director of the provincial patent bureau. According to statistics compiled by the PRC Patent Office, last year it received 3,235 patent applications from our province, of which 1,974 were approved. This put our province in eighth place in the country in terms of the number of patents granted. Meanwhile, our province has paid enormous attention to the use of patents. According to statistics covering 11 prefectures and cities, 264 patents were put to use last year. Statistics so far available on 16 major patents show that their application

contributed to an increase in output value by 2.023 billion yuan in the same year. The provincial patent bureau has compiled a volume of "Selected Patent Projects in Sichuan" and a series of informative materials concerning the use of patents. These publications enable enterprises and institutions in the province to get access to the technical information on as many as 500 patents. In addition, the provincial patent bureau has strengthened protection of patent rights. Last year it received 250 visitors who came to lodge complaints or ask for advice on patent-related matters. Through its mediation, a number of disputes were settled, ensuring the protection of the legal rights and interests of the patent holders as well as the general public. Also noticeable is the expansion of the patent workforce. Eight prefectures (cities) in the province have established patent administrative bureaus (agencies). Provincewide, there are now 36 patent firms and over 1,000 people doing patent work, including patent agents and full- and part-time patent workers.

To develop patent work in various localities and to disseminate information on patented techniques, the provincial patent bureau has dispatched investigative and study work teams to seven prefectures, cities, and counties. The work teams conducted investigations and studies to see how the patent law was enforced in these localities and held meetings to spread information on new patented techniques. One method to disseminate such information was the distribution of floppy disks to local units. Upwards of 2,000 pieces of information on patented techniques were thus disseminated to prospective users. This has helped fuel new patented techniques into local economic projects, thereby contributing to the development of the local economy. In addition, the provincial patent bureau has helped patent holders and related enterprises transfer their patent rights to users outside the province and the country. Last year, through the bureau's arrangements, Sichuan Province attended six technology transfer meetings held at home and abroad. A total of 126 patents were displayed at these meetings, and the agreements reached on patent rights transfers amounted to 45.844 million yuan.

### **Agriculture**

#### **Food Shortages in Sichuan, Yunnan Viewed**

*HK0704105295 Hong Kong SOUTH CHINA MORNING POST in English 7 Apr 95 p 8*

[By Chan Wai-Fong]

[FBIS Transcribed Text] Adverse weather this spring has led to poor harvests and food shortages in the provinces of Sichuan and Yunnan, affecting tens of millions of people, provincial officials said.

Spring plantings in the provinces had been stalled because of drought and frost, officials said, denying there was a famine.

In Sichuan, up to 10 million peasants have been classified as victims and are relying on government assistance.

The director of Sichuan's Disaster Relief Office, Chen Guanghua, said the provincial Government had earmarked about 90 million yuan (HK\$82.53 million) to buy a total of 250,000 tonnes of grain, mainly rice, to help the victims.

Mr Chen denied peasants had begun fleeing their devastated home towns in search of food and stressed that Sichuan—the most populous province in China—had enough grain to feed its people.

In Yunnan, about six million people have been hit by the poor weather and are facing similar food shortages. Yunnan Civil Affairs Bureau spokesman Bao Mingdong admitted the situation was "rather serious" and estimated Yunnan now faced losses of 350 million tonnes of grain.

He said more than a third of the six million victims needed help and feeding them would cost about 40 million yuan.

Disaster relief officials in Beijing have reportedly said the problem is not limited to Yunnan and Sichuan—other provinces including Guangxi, Henan, Shaanxi and Guizhou face similar problems.

Officials from the four provinces were not available for comment.

A record 600 million yuan, up from 450 million last year, has been set aside by Beijing this year as a special relief fund.

Both Mr Bao and Mr Chen were optimistic the situation would improve later this year, saying it would not be worse than 1994.

"It is almost certain that there is drought this year. But the situation will not be as serious as last year. The point is not to become numb but stay conscious," Mr Chen said.

#### **Inner Mongolia Holds Meeting on Rural Work**

*SK0704022295 Hohhot NEIMENGGU RIBAO in Chinese 12 Mar 95 pp 1, 4*

[By reporters Han Zhi (7281 2535) and Shen Sixiang (3088 1835 3276): "Vice Chairman Zhang Tingwu Relays the Guidelines of the Central Rural Work Conference"]

[FBIS Translated Text] At the recent regional televised conference of regional-level organs' responsible persons and league and city party and government principal responsible persons, cosponsored by the regional party committee and government, Zhang Tingwu, vice chairman of the regional government, made arrangements for spring agricultural, livestock, and forestry production and various aid-agriculture tasks focusing on

spring farming and preparations for ploughing and sowing; and mobilized forces to achieve these tasks.

Zhang Tingwu said: The most important and urgent task for implementing the guidelines of the central rural work conference is to concentrate energy to winning the first battle of spring farming and to ensure that an overall bumper agricultural and livestock harvest is reaped. To this end, we should firmly attend to the work in eight spheres.

1. We should conscientiously implement the 1995 agricultural production plan and ensure new progress in outputs of grain, oil-bearing crops, sugar, and vegetables. The region's grain fields should exceed 60 million mu. We should positively restore wheat fields, develop paddy rice production, and increase the proportion of flour and rice fields. In cash crops, we should focus on ensuring the areas grown with sugar beets and oil-bearing crops. The sugar beet fields should exceed 1.86 million mu and the oil-bearing crop fields should surpass 8.5 million mu. All localities should assign purchasing tasks to production units and peasant households on the premise that quotas must not be added at any levels. Above-quota grain should persistently be purchased by markets at a price that changes according to market demands. The state and the autonomous region will not assign tasks for negotiated purchases of grain when localities will not assign negotiated grain purchasing tasks any longer. We must not close down grain markets, and not erect barriers between localities. All leagues, cities, and departments should use various forms and channels to extensively and deeply disseminate these policies, have the masses be reassured as soon as possible, mobilize their enthusiasm, and promote the fulfillment of the agricultural production plan.

2. We should vigorously develop farmland and pastureland capital construction and carefully organize drought-combating and spring sowing work. All localities should firmly grasp favorable opportunities before the rush season of spring farming, concentrate energy and organize forces to meet for the battle, and strive to fulfill the annual water conservancy construction plan by 70 percent. All localities should base themselves on combating serious droughts, firmly attend to the upkeep of motor-driven wells and irrigation ditches, make full use of surface water and groundwater, and strive to expand spring irrigation areas. The areas, that suffered serious waterlogging and floods last year, should concentrate their main efforts to repairing the projects damaged by the floods. The dry crop fields should organize the masses to engage in farm work, such as deeply turning up the soil, leveling the ground, and raking the soil; try every possible means to retain water for preserving the moisture of the soil; and lose no time in sowing while there is sufficient moisture in the soil. We should vigorously collect farm manure and increase the areas applied with fertilizer and the amounts of fertilizer applied. It is necessary to generally popularize the combating of drought and production-increase techniques and measures, such as dry-land plastic sheds, precision drilling,

seed casing, intensive application of chemical fertilizer with machines, and sowing of dry seeds. We should strictly guard the pass of sowing quality, ensure that all farmland will be fined in the right season, and strive to ensure a full stand at a time.

3. We should realistically attend to the spring livestock production and the prevention and control of epidemic diseases with a focus on combating disasters and protecting animals. All localities should realistically attend to the work of delivering lambs and ensuring their good growth; strengthen the breeding and management of pregnant, newborn, and weak animals; try every possible means to upgrade animals' breeding and survival rates; and reduce the mortality rates of young and adult animals. We should attach importance to livestock production and implement among villages and households the measures for linking agriculture with animal husbandry, developing hog and poultry production, and fattening cattle and sheep.

4. We should vigorously develop afforestation in spring and strive to exceed the annual afforestation target. We should fully mobilize and organize the broad masses of cadres and people and mobilize the whole party, the whole people, and the entire society to develop forestry and to concentratively participate in the great battle of afforestation with the focus on the "north, northeast, and northwest China" shelterbelt project and the sand-control project. We should positively auction the rights to use of "wasteland, barren hills, and deserted ditches" which are suitable for forestry production; persist in the principle that whoever wants to afforest has areas for afforestation; vigorously develop economic forests, fast-growing and high-yield forests, water-and-soil conservation timber forests; and strive to make the region become green, lively, and rich as soon as possible.

5. We should increase effective input and ensure the allocation of goods, materials, and capital for agricultural, livestock, and forestry production. The departments concerned at various levels, such as financial, planning, and monetary departments, should give priorities in arranging capital for the construction of water conservancy projects for farmland and pastureland areas, for spring farming and preparations for ploughing and sowing, for combating disaster and protecting animals, for spring afforestation, and for purchases of farm capital goods, including chemical fertilizer. We should ensure to put in place full amounts of capital that should be put in place in a timely manner and try every possible means to allocate capital that can be allocated in advance. We should be determined to strengthen the management of capital for agricultural aid, ensure that each level attends to the work of its lower level, and resolutely investigate, handle, and correct the phenomena of occupying, deducting, and diverting agriculture-aid capital for other uses. We should guide the masses of peasants and herdsmen to carry forward the spirit of arduous struggle and increase capital and labor service input. The supply and marketing cooperatives

and capital goods departments at various levels should realistically organize the supply of means of production for agricultural and livestock production, such as chemical fertilizer, farm chemicals, and plastic sheds. Industrial and commercial, price, auditing, and supervisory departments should strengthen the management of farm capital goods markets, enhance price supervision and examination, and punish strictly according to laws the units and individuals that arbitrarily raise prices and manufacture and market fake and low-quality products.

6. We should strengthen technological service and promote the implementation of the strategy for relying on science and technology to rejuvenate agriculture, animal husbandry, and forestry. The three levels, such as banners and counties; sumu, towns, and townships; and gacha and villages, should give full scope to the functions of science professionals and technicians. In the period of preparations for ploughing and sowing and of spring farming, these three levels should organize realistic and applied forms, such as short-term training class, on-the-spot observation and emulation activities, and demonstration of typical examples, to strengthen the training of peasants and herdsman and to promote the popularization of agricultural and technological measures. We should continue to grasp the setup of the socialized service systems in rural and pastoral areas; stabilize the contingents of the personnel for popularizing agricultural, animal husbandry, forestry, and water conservancy techniques; strengthen grass-roots scientific and technological service forces; support the improvement of scientific and technological service means; expand service spheres; and enhance service strength.

7. We should intensify the implementation of the responsibility system and achieve forests and pastoral areas' fire, icicle, and flood control. All localities should conscientiously draw bitter lessons from accidental fires that took place in Hulun Buir League's Honghuaerji forest and in Xilin Gol League last year and should sound the alarm. All localities should extensively and deeply conduct mass propaganda on fire control in forests and pastoral areas, conduct inspections, persist in the locality and department head responsibility system, and intensify the fire control instruction system. We should persist in the policy of putting fire prevention first and positively extinguishing fires; realistically strengthen the prevention of fire; and organize leaders, fire fighter contingents, and communication and transportation, equipment, and rear-service security workers to make good preparations for extinguishing fires. All levels, localities, departments, and units should actively work in cooperation with one another, make concerted efforts, jointly prevent fires, ensure that damage by fire to the region's wooded areas amount to less than three per thousand units, less than 10 per thousand of the region's pastoral areas, and strive to ensure that there will be no serious fire accidents or injuries and deaths. The leagues, cities, banners, and counties along both sides of Huang He should conscientiously implement the guidelines of

the on-the-spot coordination meeting on preventing Huang He's icicles and realistically attend to the icicle control work.

8. We should realistically strengthen the organizational leadership over spring farming and preparations for ploughing and sowing. The preparations for ploughing and sowing and the spring agricultural, livestock, and forestry production are overwhelming tasks for the present. The party committees and governments at various levels should put these key tasks in a prominent position, have the work in other aspects be submitted to the key tasks, ensure that energy is concentrated on leaders and work forces, and mobilize the leading comrades of the departments concerned to go deep to the grass roots to support their work. All trades and professions should be organized to support agriculture and animal husbandry, mobilize all social forces to achieve the preparations for ploughing and sowing and spring farming, to make contributions to agricultural, livestock, and forestry production, and to elevate the region's rural and pastoral economy to a new height.

#### Journal Views Reintroduction of Food Coupons

HK0704101095 Hong Kong WINDOW in English 7 Apr 95 pp 18-19

[By Shu Bing in Beijing]

[FBIS Transcribed Text] Reintroduction of coupons for edible oil, grain, meat, and other staple agricultural products in nearly 30 provinces and cities in China highlights the government's determination to keep food prices stable.

It is also a step towards maintaining social stability, which has been the government's prime concern in the past decade. The price of grain, especially wheat and rice, is the most sensitive item in the household budget in China.

The measure is vital in controlling inflation and ensuring an adequate supply of food at affordable prices for poor families, says Li Zhiwei, executive director of the China Society for Grain and Edible Oil.

The municipal government of Hefei, capital of central Anhui Province, has resumed issuing food ration booklets which allocate a designated amount of grain at a fixed price. They are valid for local residents for the next three years.

In Shanghai, many residents were issued coupons allowing them to buy 500g of edible oil at a low price and coupons enable Shenyang residents to buy 1kg of rice for 1.84 yuan (HK\$1.70), compared with a market price of 2.70 yuan, and 1 kg of soyabean oil for eight yuan compared with a market price of 10 yuan.

Coupons have been issued to all 400,000 residents of Hengyang, the second largest city in Hunan Province. By

early December, the city had only 15,000 tonne of rice in its warehouse compared with a target for all of 1994 of 120,000 tonne.

Most cities reintroducing coupons are major industrial centres with a large labour force employed in loss-making or inefficient state enterprises that cannot afford to increase wages in line with inflation—running at more than 21 per cent last year.

Some economic analysts say the reintroduction of coupons was not without its merits as controlling inflation is the top priority of economic policy now. They expect that the need for coupons will wither away fairly soon.

Their reintroduction is seen as an emergency measure to control the prices of important commodities but not as a permanent solution to the problem and, while the measure has been welcomed by low-income families, it has come under fire from economists who say it runs counter to reforms aiming to create a free market in farm goods.

Lou Wei, a professor at the College of Economics at Beijing University, says: "The return of food coupons should be a stop-gap measure."

He added that the practice, which involves an official subsidy to keep the price down, was a setback for reforms to establish a free farm goods market.

Hu Angang, a research fellow with the Chinese Academy of Social Sciences, criticizes the government for resorting to administrative means in controlling the growth of the economy. The reason for turning to a traditional administrative option, Hu says, is an unstable macroeconomy.

"A stable macroeconomy is one of the prerequisites for cultivating market-oriented reforms," he says.

**Social instability:** But the government cannot turn a blind eye to the loss of interest among farmers in growing grain because of low purchasing prices, one consequence of which would be a decline in grain production. On the other hand, it cannot afford to allow retail grain prices to go up wildly for fear of social instability.

Coupons were a lifebelt for urban residents under Soviet-style central planning from the 1950's to the late 1980's, when food was scarce and urban residents could not buy grain and many other foods without them.

They were phased out in 1993 on the back of spectacular rises in grain output and as the government tried to stop huge subsidies draining the state coffers.

Grain output rose from 305 million tonne in 1978, when economic reforms were launched, to 407 million tonne in 1984 and a record 456 million tonne in 1993. Last year's output was about 448 million tonne. Hoarding has contributed to the rise in grain prices.

According to the Beijing-based newspaper *Economic Information Daily*, farmers in some parts of the nation were waiting for the government to raise its procurement

price. They sold low-quality grain to the state to fulfil their quota while selling the better-quality grain at the local market. And some local grain bureaux were reluctant to move grain to the south when they could expect to sell it for foreign currency.

Scholars have called for the establishment of a grain reserve system, which should include protective prices, a risk fund, grain trade with the internal market, and targeted subsidies.

At the last session of the National People's Congress, tough measures were adopted for curbing food price increases as economists warned of the dangers of sacrificing lower inflation for the benefits of economic growth. Steps include promoting state grain purchases and fixing the sale price of farm products in major cities.

Grain retailers in the country's 35 major cities will also be required to mark their goods with clear price tags to facilitate state monitoring and discourage speculation.

The government is expected to raise grain imports while strictly controlling exports—especially of rice and maize.

The Ministry of Internal Trade and the State Grain Reserve will retain the monopoly on the distribution of imported grain, with all prices being set by the government.

Other measures will be announced to increase rice acreage, resist industrial encroachment on arable land, and improve grain storage and supply systems.

Xu Fengxian, a research fellow with the Chinese Academy of Social Sciences, criticizes overheated development in economic zones for the decline in the country's farmland.

Last year, China's grain acreage was reduced to less than 110 million hectares. According to the researcher, the minimum should be 113 million or so hectares to ensure a sufficient supply of grain. He holds that the return of food coupons in some parts of the nation reveals the real crisis in China's agriculture.

"The restored coupon system, however, does not indicate the nation is backing off from its economic plans," the researcher says.

Economists attending the session of the Chinese People's Political Consultative Conference said inflation should not be ignored in the search for continued economic growth. Using inflation to stimulate the economy amounts to "drinking poison to quench your thirst," economics professor Xiao Guojin says.

The government has set a target of 15 percent inflation for 1995. Governors from China's southern and eastern areas have pledged to increase grain production in their provinces as part of the national effort to balance grain demand and supply. Governor Wan Xueyuan of Zhejiang Province promised to make his province self-sufficient in grain during his tenure.

This would be a difficult task. In the past decade, rapid industrialization and urbanization have eaten away 670,000 hectares of farmland in the province.

As a result, the annual grain output has decreased by 4 million tonne. The province, which used to be more than self-sufficient in grain, now has to import 2.5 million tonne from other regions every year.

Grain production in developed coastal areas is vital to China's grain supply. Along with their rapid economic growth in the past decade, the coastal areas now have a growing demand for grain. In addition, experts say, these comparatively affluent areas are able to offer higher prices for grain from other regions of the country, which is liable to have a great impact on the national grain market and the normal grain supply structure. Six coastal provinces imported a total of 15 million tonne of grain from the country's central provinces in 1994.

The Chinese Government adheres to the principle of self-sufficiency in grain and balance in demand and supply.

**Governor's pledge:** Guangdong has been one of the largest grain importers in the country. With a local population of 65 million and a floating population of 10 million from other parts of the country, the province has to import more than 2 million tonne of grain every year.

Its governor, Zhu Senlin, says that for a province like his—with a large population but limited farmland—it is not realistic to be self-sufficient in grain. But he adds that the provincial government will work harder to increase grain production.

It is too risky to rely on other provinces and the international market in feeding 70 million people, the governor says. Increases in investment in farming and acreage for grain helped stem the downward spiral of grain production last year. The province yielded grain of 16.58 million tonne, 290,000 more than the previous year.

Huang Puren, director of the Pricing Bureau of Guangzhou, says the city will not follow in the footsteps of the 30 cities which have reintroduced coupons because the measure conflicts with market economy principles.

**Hubei Bank To Increase Loans for Agriculture**  
OW0504065295 Beijing XINHUA in English 0621  
GMT 5 Apr 95

[FBIS Transcribed Text] Wuhan, April 5 (XINHUA)—The Hubei branch of the Agricultural Bank of China has decided to increase its loans this year to support agricultural development in this central-China province.

Ma Nengze, President of the branch, said that the bank will offer 6.6 billion yuan (786 million US dollars) of loans this year to agriculture, an increase of 1.6 billion yuan (190 million US dollars), or 20 percent, over last year.

Besides supporting production of grain, cotton and vegetables, According to Ma, about one billion yuan (119 million US dollars) of the loans will be used in construction of rural commercial bases for circulation of farm produce and agricultural production means.

Another 1.5 billion yuan (179 million US dollars) will go to the province's rural enterprises, 15 percent more than last year's figure, Ma noted.

The rest of the money will be used in developing animal husbandry, aquatic products industry and forestry, according to Ma.

#### \*Hunan Sets Agricultural Goals for 1995

95CE0357C Beijing JINRONG SHIBAO in Chinese 29  
Mar 95 p 1

[FBIS Summary] Hunan Province has set the following goals for agriculture in 1995: gross output of grain 26.5 billion kilograms, gross output of cotton to exceed 5 million dan, oil crops to exceed 20 million dan, to remove 44 million hogs from stock, and aquatic products to exceed 16 million dan. The grain area will be more than 76 million mu.

#### \*'Study Group' Urges Cotton Production System Reform

95CE0298A Beijing ZHONGGUO GAIGE [CHINA  
REFORM] in Chinese No 12, 13 Dec 94 pp 29-31, 38

[Article by the "Cotton Production System Research" Study Group: "Basic Ideas on Restructuring the Cotton Production System"]

[FBIS Translated Text] Between 1978 and 1993, China's cotton production was marked by several periods with distinct characteristics: The period 1978-84 was one of great development; 1985-1989 was a period of decline and stalled production; and the post-1990 period showed recovery in terms of planting area. For the entire 1978-1993 period, if we look at all the factors relevant to cotton production, the small production unit management system and the large and medium-sized organizational management systems were fairly stable. Upon completing the household-based output-related contract system, as dominated by "big contracts," in 1983, peasant households, as the most basic production units in the villages, were given autonomy in production management, thus becoming relatively independent commodity producers. This meant stability. The state's planned management of cotton—that is, the centralized procurement, pricing, and transfer and distribution system—remained more or less unchanged. In terms of new crop varieties and application of new technologies, everything was more advanced than a decade before, but less desirable was the weakening of the agricultural technology service system amid the "reorganization." This was especially acute in the last two or three years. At the heart of the cotton production problem is the profit mechanism. Objective economic laws, the law of value,

and general market economic principles are having an increasingly greater impact on cotton production.

#### Main Problems in the Existing Cotton Production System

Today, most agricultural products have been decontrolled in terms of "management, pricing, and circulation." Only cotton, tobacco, and silkworm cocoons are still under planned management, and therefore the cotton production system has a few more problems than the other sectors. In practice, today's cotton production management process is marked by the following problems:

1. *As the restructuring of the rural economy becomes increasingly market-oriented, planned cotton production management is completely surrounded by the market economy, like an island unto itself.* Affected by the macroeconomic environment, planned management is increasingly robbed of its functions, but a new, effective management system has not yet been developed. The cotton production organization and management command system has run into problems never previously encountered: A) The production units have scattered into thousands and tens of thousands of peasant households; it is impossible for the cotton production plan to deal with peasant households directly, because the household-based production plan is bigger than anybody can imagine. B) A mandatory plan has been replaced by a guidance-oriented plan in agricultural production. The difference between guidance-oriented and mandatory plans is that peasants can no longer be forced to produce this or give up producing that. Moreover, peasant production management rights are protected by law and by state policies; they cannot be forced to do something they don't want to do. C) Given the conditions of the commodity economy, planned guidance must rely primarily on economic measures supplemented by laws and administrative measures, but the current system is still marked by departmentalism. Those in charge of production are not in control of the economic levers and measures, and when production responsibilities are assigned, they become the "due obligations" of the peasants. Peasant economic rights and privileges are not guaranteed; rights do not correspond to responsibilities, and the guidance-oriented plan exists in vain.

2. *There is no proper profit motivation for producing cotton; it has lost some of its comparative advantages.* The comparative advantages of cotton production, like grain production, have declined in recent years; the opportunity cost has risen. The cost of implementing the government's policy to encourage cotton production has risen sharply, so that the burden on the financial ministry's single incentive measure has grown increasingly heavy, making it difficult to live up to promises while the policy is generating increasingly poor results, and cotton production has become less and less profitable. Even within the crop-growing sector, cotton production is relatively unprofitable. Another fairly clear comparative

advantage relationship that needs very little explaining is the relationship between cotton-growing and the nonagricultural sector. In some localities, once the nonagricultural sector develops, peasants are no longer interested in agricultural production, and of course cotton-growing is among the discarded occupations. Since the early 1980's, township enterprises have gradually developed in the eastern coastal areas. Localities that used to be big producers are producing less cotton, and this definitely has something to do with the development of the nonagricultural sector.

3. *The cotton production system is chaotic; producers cannot make a reasonable profit.* Policy-mandated support is constrained by the government's financial means, and attempts to raise prices must give consideration to the textile enterprise and consumer ability to pay, as well as acceptance by international markets. In our opinion, one solution may be to learn from the successful experience of rural reform and adopt the method of integrating production, processing, and sales. That is, while we let producers handle crop production, we should allow them to get into the processing and circulation sectors to share in the distribution of profits generated by the added-value in the cotton processing and circulation links, so that the coordinated development of agricultural production and the subsequent links can compensate for the low profit in cotton planting and production.

4. *The price management system is ossified, the pricing system is tangled, and there is no automatic regulatory mechanism.* In setting planned prices, a) it is difficult to say that the planned price level correctly reflects the value of the commodity; b) it is impossible to use prices to reflect demand and give play to the role of prices in guiding production; c) cotton prices and the prices of related industrial goods and inputs are not coordinated, and, as a result, there is nothing to control the unrestrained expansion of processing enterprises or to stimulate the development and technological transformation of the processing industry. Through reform, we must set up a mechanism by which cotton prices are set and perfected during market transactions. The relative prices between cotton and grain and other cash crops, between cotton and agricultural capital goods, and between cotton and textile processing goods should be set and continuously refined as the market process grinds on.

5. *Those bodies currently engaging in cotton production management are small in scope and poorly organized; they have not adjusted to the market.* Since rural reform, cotton production has been taken over primarily by scattered, small-scale peasant households. The agricultural production organization management and command system has abandoned mandatory planning, but the contract-based organization command system is not perfect either. Peasant households have no access to proper demand information and production decisions tend to be capricious.

6. *The agricultural technology system does not meet the needs of the development of cotton production.* A) The

technology management system is chaotic; scientific research management is separated from the scientific research, promotion, and application departments, and the business department cannot assign scientific research tasks according to production needs. B) Research work is redundant among the specialized cotton research units and between those units and agricultural colleges and research units at different levels. There is no concentrated effort, so that we cannot give play to the research specialties of different levels and different units, resulting in wastefulness. C) Cotton research, the promotion of new technologies, and the development of new crop varieties are disjointed, and to varying degrees, every department is making its own rules, so that the fruits of research and development cannot quickly be turned into real productive capability. D) There is no profit incentive mechanism in scientific research and promotion; there is little enthusiasm. E) Many localities take advantage of the restructuring to "unhook" or "wean" agricultural technology service organs. They emphasize the generation of income by weakening this socially beneficial department, so that today, there is little money for "maintaining the army"—only a skeletal staff is kept. The technology service team cannot be stabilized. This is a serious threat to cotton production. In the last two years, there have been serious cotton bollworm outbreaks, which can be blamed on the unstable agricultural technology service team and the unsound scientific measures.

#### **Ideas on Reforming and Improving the Existing Cotton Production System**

Starting out from the above-described principles and goals, it is our suggestion that the following reform measures be taken:

*1. Beginning by getting the cotton-growers better organized, we can reshape the market entities in the cotton business to integrate planting, processing, and marketing to resolve the conflict between the small producers and the big market.* A) We should set up cotton-growing associations, societies, and institutions to organize cotton-growers on a voluntary and mutually beneficial bases and allow peasants to set up cotton ginning and other related sideline product processing enterprises, so that enterprises and cotton-growers become a "common interest group" to give impetus to cotton production. Ginned cotton produced according to internationally accepted cooperative principles should be marketed by the cooperatives acting as agents. Profits from processing and sales should be distributed according to the amount of cotton seeds each cotton-grower contributed and according to quality. B) We should transform existing enterprises that procure cotton for processing into shareholding cooperatives, so that they become the peasants' own enterprises, and we can change today's system of clean sales into a system consisting of processing and sales agencies to let the peasants share in the distribution of profit from processing and sales. Currently in cotton-growing regions, cotton processing plants that belong to

the supply and marketing cooperative system have developed ample processing and productive capacity; their distribution is fairly reasonable. The agricultural department has also set up some improved-breed cotton processing plants in the better cotton producing base counties. So long as we gradually upgrade these processing plants and entice cotton-growers in their respective service regions to buy stocks and develop common interest groups that are interdependent and share the peasants' risks, we can mobilize peasant cotton-growing enthusiasm. C) Textile enterprises in the cotton-growing regions should act as the "dragon head" and join with local peasants to link production and sales, or textile enterprises and cotton management units can forge joint management groups and link up with cotton-growing peasant households to form a multicomponent, agricultural-industrial-commercial federation. D) Cotton production management enterprises, primarily in the form of state-run ranches, can adopt the format of "ranch plus peasant households" to create fairly large-scaled enterprise groups that integrate cotton production, processing, and management. In short, in terms of organization, we should allow diversity and variety, not focus on a single mold. The core is to set up a compensatory mechanism for the peasants.

*2. We should decontrol cotton prices and management and allow peasants to enter the market in an organized way.* In our opinion, after price and management decontrol, county-level cotton wholesale stations in the major cotton-producing regions should no longer engage in the cotton wholesale business. Instead, they should set up and manage cotton markets and cotton gathering and distribution centers within the county domain. A) In this way, we can let peasants get into the market so that the small-scale peasant household response to market signals becomes less arbitrary. B) Cotton prices are set amid market transactions according to supply-demand and industry profit relations to automatically regulate comparative advantage relations, so that prices serve as a lever that regulates production. C) The production management system of cotton, a commodity, should keep pace with the progress of the restructuring of the economic system. The management system of pressing the peasants into planting and harvesting, typical of the planned economic system, should be changed, and management cost should be reduced.

*3. We should strengthen state macroeconomic control of cotton production as the cotton production management system changes.* A) We should set up a minimum protection price system for cotton. That is, take a major cotton-producing region's ordinary production cost plus 30 percent profit [as published] as a minimum protection price and revise that price annually as the production situation changes. The price should be announced at the beginning of the second cotton-growing year. At the same time, based on what processing enterprises and the consumers of cotton and textile products can afford to pay and on the international market price level, we should set a maximum control price which will be used

as a basis for selling cotton in the market. B) We should set up a cotton market regulation reserve system. The government cotton market regulation reserve organ should be independent of market operations; it should procure cotton at the listed minimum protection price and sell it at the listed maximum ceiling price to play a regulatory role year-round. C) We should set up a policy-based cotton production support system, which consists of a policy-based state financial organ that grants loans to peasants according to cotton production and supply contracts signed between the peasant cotton production management organization and cotton-growers. The state organ contracts the loans and the repayments. Other government policies may also be put into effect through this organ. D) We should set up a cotton risk and development funds to pay for expenses incurred in regulating production in the market, for discounting credit taken out by peasants for cotton production management, for subsidizing production insurance, and so on. The source of the two funds should primarily come from the old policy-based cotton production management subsidies and the financial ministry.

*4. We should readjust distribution of cotton production and stabilize the policy that aims to aid and support key cotton producing regions.* Readjusting the regional distribution of cotton production to develop production regions and bases is the long-term solution to the problem of stable development of China's cotton production. It is also a necessary and important aspect in strengthening macroeconomic regulation and control of cotton production.

Based on how well China's cotton-producing regions are ecologically suited to cotton planting, on the level of economic development, and on the comparative advantages of cotton planting, and from the perspective of the nation's distribution of productive forces, the readjustment of the pattern of cotton production should be in the following direction:

Stabilize and restore the Huanghuaihai Plains—primarily in Hebei, Shangdong, and Henan—where cotton is being produced.

Properly develop the mid-Changjiang River cotton-producing region in Hubei, Hunan, and Jiangxi, and gradually reduce the cotton-planting area in the economically prosperous region in the lower reach of the river.

Continue to develop the Xinjiang cotton region, especially the south Xinjiang cotton-growing region.

*5. The state should continue its policy of aiding key cotton-producing regions.* These key regions include the Huanghuaihai Plains (central and southern Hebei, northwest Shandong, eastern Henan, northern Anhui, and the Xuhuai region of northern Jiangsu,) the mid and lower plains of the Changjiang River (the Jiangnan plain, the Dongtinghu plain, the Poyanghu plain, the southern Anhe plain, and the river basin and coastal plain of northern Jiangsu,) and the Xinjiang cotton-growing

region (mainly southern Xinjiang). In addition, there are some local commodity cotton producing bases, such as the Sichuan basin, the southern Shanxi basin, and the central Shaanxi basin.

We should set up a system of basic cotton field preservation zones, designate 80 million mu of land nationwide as basic cotton fields, and put them under strict management in accordance with the "CPC Central Party Committee and the State Council's Policy Measures on Current Agricultural and Rural Economic Developments."

We should continue to selectively set up cotton-producing base counties.

We should help the major cotton-producing counties to make better comprehensive use of resources, take advantage of their regional resources, and change the backward situations in large cotton-producing, small industrial, and financially-strapped counties. Like our supporting the 150 large cotton-producing counties this year, we should continue to support more counties in their efforts to diversify.

In order to mobilize the local governments of cotton-producing regions to support cotton development, as the circulation system is being restructured, the state can consider giving cotton-producing regions some new sources of revenue with respect to standardized taxation.

Cotton-producing is a high-risk sector. The state must set up a society-wide easing mechanism, such as requiring governments at all levels to increase investments in capital construction, improve production conditions, and ease the impact of natural disasters; or making use of the cotton risk fund to buy insurance for cotton-growers and bringing the social insurance mechanisms to cotton-producing regions.

*6. We should restructure the cotton science and technology management system and pursue higher yield and better quality through science and technology.* The restructuring of the agricultural science and technology system is a complicated, systematic project; there are many problems, and the task is arduous. Some problems have not even been identified yet. The following are some ideas:

Agricultural science and research, education, new product development, and science and technology promotion and application should be put under integrated management, changing today's separatist, redundant, and scattered management where research funds are limited, but also wasted.

During today's reorganization, the scientific research and promotion contingents in the agricultural service system must be strengthened, not weakened. The unique nature of China's agriculture at this stage requires the government to come up with funds to stabilize this aid-agriculture technological contingent.

We should study and experiment with a technological service system that combines agricultural technicians and cotton production management enterprises. While grass-roots agricultural technicians are working in their own field, they should also work in cotton production management enterprises or be involved in the contracting of cotton production technologies to provide technological services.

We should restructure the cotton seed breeding and popularizing system.

To promote scientific research, on the one hand, the state must increase scientific and technological input through different channels, and on the other hand, it must make policy adjustments so that scientific research and technology promotion units can earn some income from the transfer of the results of scientific research to enhance their own ability to develop. We should change the way the cotton technology improvement fee is collected and set up a cotton science and technology development fund.

7. *We should continuously reform the cotton cropping system.* Diminishing farmland in China is an irreversible trend. To increase grain and cotton production, tapping potential arable land is an inevitable and important move. That is, we must expand the total area of the cotton-growing region in the north where wheat and cotton are interplanted. Currently, some localities are not growing the right variety of cotton; their planting methods are not scientific, and fertilizers not applied properly. Late-maturing cotton is especially problematic. Intercropping and interplanting should be further improved. A) We must insist on the "two increases" and "two expansions" for grain and cotton and avoid crowding out one or the other. Today, it is important to understand that two crops of cotton and wheat mean interplanting wheat in the cotton fields. Surveys show that when wheat is interplanted with cotton, the per unit output of cotton is usually 15 percent lower than a single crop of spring cotton; that is, 1 mu of interplanted field equals only 0.85 mu of a one-crop field. While interplanting wheat and cotton, we should also interplant cotton in the grain fields to maintain the same total planting area. B) We should nurture and promote the use of early crop varieties and early crop management techniques and prevent late maturing, reduced output, and poor quality. Later sprouting and harvesting of cotton is a unique problem in the northern wheat-cotton planting areas. This is partly due to the climate, but is also a problem caused by lack of knowledge and technology. That is, some localities use the same method they use in caring for a single crop of spring cotton to take care of spring cotton or summer cotton interplanted with wheat, which causes the late crop to be smaller and of poorer

quality. Therefore, we must emphasize the word "early" in management and focus on the wheat-and-cotton crop characteristics and promote a set of technologies to promote early maturing and high yield. C) We should strengthen cooperation to tackle key problems and make breakthroughs in selecting seed varieties. We should pair early maturing, high-yield cotton with the proper wheat variety. This is a breakthrough point in further developing the wheat-cotton crop. We suggest that the state make this a key topic and gather forces and concentrate efforts to accelerate the intermediate testing of promising varieties (strains) on hand and strive to start large-scale production as soon as possible.

#### Comparison to State Council Grain, Cotton Meeting

OW3003135495

Beijing XINHUA Domestic Service in Chinese at 1341 GMT on 12 March carries a 2,172-character report on the 10-12 March national work conference on grain, cotton, and chemical fertilizers held by the State Council in Beijing. According to a XINHUA service message at the beginning of the report, this item is to replace the item headlined "State Council Meets 12 Mar on Grain, Cotton" published in the 3 April China DAILY REPORT on pages 65-67.

The 1341 GMT version has been compared to the published version and was found to contain the following variations:

Page 65, column two, paragraph three, third sentence reads: ...his speech, he urged: We should earnestly study the speeches delivered by Comrades Jiang Zemin and Li Peng at the central rural work conference; comprehensively and correctly implement the guidelines of the central rural work conference and this conference; uphold, stabilize, and improve the party's agricultural policies; and deepen reform of the grain, cotton, and chemical fertilizer procurement and marketing system.

Jiang Chunyun, CPC... (providing variant wording)

Page 66, column one, first full paragraph, eighth sentence reads: ...the fore in a few [ge bie 0020 0446] localities during the... (changing "some" to "a few")

Page 66 column one, same paragraph, ninth sentence reads: ...take note that a few localities did not completely implement the principle of adapting negotiated grain prices to changes in market conditions; they even closed their grain markets off in an effort to impose regional blockades. We should also take note that the phenomenon of raising product grades and driving up prices during the course of cotton purchases was fairly widespread, and state... (providing variant wording)

**East Region****Jiangsu Computer Network Links Up With Internet**

OW0704095395 Beijing XINHUA in English 0852  
GMT 7 Apr 95

[FBIS Transcribed Text] Nanjing, April 7 (XINHUA)—A computer network in the capital city of east China's Jiangsu Province hooked up with Internet, a worldwide computer databank, on Thursday [6 April].

This is the first regional computer network in China to be connected with Internet.

The network is divided into two parts. The first phase features e-mail, and the second phase will lay emphasis on multi-function modes, said an official from the Municipal Commission on Science and Technology (MCST).

When the second phase is completed in June this year, on-line users can obtain data from the Internet data base and conduct information retrieval at home or in their offices, the official said.

MCST has allocated special funds to help 34 academicians in the local branch of the Chinese Academy of Sciences to enter the databank.

As the largest data base in the world, Internet offers information in almost all spheres to computer users around the world. The Beijing-based Chinese Academy of Sciences and Beijing and Qinghua Universities have linked up with the system.

**Shandong Secretary Speaks on Various Tasks**

SK0704054895 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 6 Apr 95

[FBIS Translated Text] The Shandong Provincial CPC committee held a forum of secretaries of party committees of various prefectures and cities, as well as of mayors and commissioners of these prefectures and cities in Jinan from 3 to 5 April. During the forum, the participants discussed the current work in the economy, ideology, and politics, as well as the issue of maintaining social stability.

The general guiding ideology of the forum was to analyze the situation, to unify understanding, to emancipate minds, to pioneer the road of advance; and to implement in an overall way the work guideline put forward by the central authorities with regard to seizing the opportunity, deepening the reform, broadening the opening up, promoting development, and maintaining the stability to consolidate and develop the province's excellent situation.

During the forum, Zhao Zhihao, secretary of the provincial party committee, delivered an important speech. Also speaking at the forum on the issues of economic work and social stability were Li Chunting, deputy

secretary of the provincial party committee and governor of the province; and Li Wenquan, deputy secretary of the provincial party committee.

Chen Jianguo, deputy secretary of the provincial party committee and vice governor of the province, presided over the forum.

In his speech, Zhao Zhihao pointed out: The most fundamental task of this year is to boost economic construction. Currently, first, we should vigorously enhance agriculture and uphold the principles of applying the party's policies to bringing into play the enthusiasm of broad masses of peasants; of applying the advanced science and technology to arming agriculture; of further doing a good job in conducting comprehensive development in agriculture; and of enhancing the organized management and socialized service in agriculture. Efforts should be made to reinforce the measures in various fields to ensure the fulfillment of 40 million tonnes grain output and of 600,000 tonnes cotton output this year.

We should reinforce the reform dynamics in industrial production and concentrate our efforts on successfully conducting the pilot work of establishing modern enterprise systems and on adequately dealing with the problems of management and environment—including debts suffered by state-owned enterprises—and their heavy burdens. We should actively explore an effective way to manage and run the state-owned assets to bring into play the enthusiasm of enterprises. We should also integrate in an organic way the reform with development and apply reform to promoting the increase of economic results, as well as the reorganization and technical renovations of enterprises. Efforts should be made to expedite the rational allocation of essential factors of production and to upgrade enterprises' quality as a whole to maintain the sustained and stable growth of industries.

We should further broaden the opening up, stabilize the policies, and bring in or utilize foreign capital with a larger scale and at a higher level. Efforts should be made to accelerate the structural readjustment and optimization of export products, to broaden the exports, to vigorously develop construction projects and labor migration contracted with foreign countries, and to realize in an overall way the strategy of having the export-oriented economy bring along other business to promote the province's economy to achieve faster and better development.

Zhao Zhihao stated: The most prominent issue in improving and enhancing the macro readjustment and control is to resolutely curtail inflation, to lower the overly increased scales of commodity prices as soon as possible, and to maintain the yearly increased scale of prices within 15 percent. We should grasp readjustment and control on the one hand and supplies on the other hand. A good job should be done in emphatically grasping the production and supply of farm and sideline

products and in enriching the people's rice bag and vegetable basket to ensure the living demands of both urban and rural residents.

Zhao Zhihao pointed out: Leading comrades at all levels must further upgrade their understanding, realistically and successfully grasp the work to safeguard the stability, and actually ensure social peace and smooth progress in building the two civilizations in the province as a whole. We should maintain the stability in ideology and the contingent of cadres, policies, and society.

Zhao Zhihao stressed: We should attach great importance on the construction of ideology and politics and enhance the theoretical study undertaken by cadres and particularly by leading cadres. Leading cadres at all levels and particularly staffers of leading bodies at city, prefecture, department, and bureau levels, should take the people's interest above all and regard whether it conforms with the people's interests as the highest criterion of public opinion and action. They should regard those supported, approved, applauded, and permitted by the people as a fundamental starting point in discussing issues, doing things, and conducting their work. They should unswervingly carry forward through to the end the anticorruption struggle. While implementing various regulations on encouraging leading cadres to be honest and self-disciplined, a focal point in the tasks of this year should be placed on dealing with the problems of using public funds in pleasure-seeking. We should make up our mind to stop the evil trend.

Zhao Zhihao emphatically pointed out: Party and government leading personnel at all levels should implement in a creative way the line, principles, and policies of the central authorities by bearing the province's reality in their minds; resolutely achieve in having partial interest abide by the whole one, having lower units abide by their higher authorities, and having the local authorities abide by the central ones; and regard the effort to ensure the smooth circulation of central government orders as a first-place political task.

**Shanghai To Open First Subway Line 10 Apr**  
OW0704043995 Beijing XINHUA in English 0302  
GMT 7 Apr 95

[FBIS Transcribed Text] Shanghai, April 7 (XINHUA)—Shanghai, China's largest industrial center and port city will officially launch its first subway line on April 10.

According to city officials in charge of subway construction, the first line which cost 680 million US dollars and is 16.1 km in length.

Running from the North Railway Station to the Jinjiang Amusement Park, the subway has 13 stations, including Nanjinglu, Huaihai, Xujiahui, and Shanghai Stadium, in the downtown area.

With a designed capacity of 370,000 passengers daily, the subway will help ease already congested traffic in China's largest city, which has more than 13 million residents and three million transients. Its capacity will increase to one million and the intervals will be shortened after the subway is extended in the coming years.

Construction on the second subway, which is 27.03 km long from Jing'an Temple in Puxi to the planned Longdong Railway Station in Pudong, and running under the Huangpu River, is expected to start at the end of this year and be completed in 1998.

According to the municipal's overall development plan, Shanghai will have six light-rail systems and seven subways, with a total length of 348 km.

### Central-South Region

**Henan Governor on Township, Town Enterprises**  
HK0504140695 Zhengzhou Henan People's Radio  
Network in Mandarin 2300 GMT 23 Mar 95

[FBIS Translated Text] At the provincial work meeting of township and town enterprises which concluded yesterday [23 March], Governor Ma Zhongchen stressed: We should understand the position and role of township and town enterprises historically, comprehensively, and dialectically; firmly grasp the specific work principle that lays equal stress on development and improvement; implement it in a down-to-earth manner; and promote the sustained, rapid, and healthy development of township and town enterprises in the province.

The meeting was presided over by provincial party Deputy Secretary Song Zhaosu. Provincial party and government leaders [provincial party Secretary] Li Changchun, Ren Keli, Zhang Deguang, Fan Qinchun, Hu Tingji, Li Zhibin, and Comrades Liu Yujie as well as Cui Guanghua, Ren Leiyuan, and Yuan Long attended the meeting. At the meeting, Vice Governor Liu Chengyu announced the resolution by the Henan Provincial CPC Committee and the Henan Provincial People's Government on commending the advanced units in developing township and town enterprises and 100 top township and town enterprises. Provincial leading comrades awarded certificates of commendation to the units which were commended.

In his speech, Ma Zhongchen said: Since the drive of reform and opening up to the outside world was launched, the position and role of township and town enterprises, which suddenly came to the fore as a new force, has become increasingly clear in the national economic and social development.

1. They have promoted the development of the rural productive forces and the readjustment of rural industrial structure.
2. They have promoted the shift of the superfluous rural labor force, thus enabling us to avoid the situation for

the early stage of developed countries wherein the huge influx of bankrupt peasants into cities causes massive unemployment.

3. They have boosted the peasants' income.
4. They have increased financial revenues.
5. They have increased input into agriculture and rural social undertakings.
6. They have promoted the development of the secondary and tertiary industries in the rural areas and expanded the road to urbanization of rural areas.
7. They have made positive contributions in expanding markets and developing a socialist market economy.
8. They have trained and fostered a number of township and town entrepreneurs to take the lead in achieving prosperity and a well-to-do standard of living in the rural areas.
9. They have become an important force of support for large and medium state-owned enterprises.
10. From a long-term point of view, they will play an increasingly important role in narrowing down gradually the differences between town and country, between peasants and workers, and between mental and manual labor.

Ma Zhongchen stressed: The guiding principles and policies concerning the development of township and town enterprises have been set. What counts now is their implementation. In the course of their implementation, close attention should be paid to the specific work principle which lays equal stress on development and improvement. Judging from the development of township and town enterprises, this can be divided into three stages, namely: The take-off stage the 1970's, the stage of development in the 1980's, and the stage of development and improvement in the 1990's. During the current stage, that is, a new stage of transition from the planned economy into a socialist market economy, things have undergone many changes, thus setting higher demands on township and town enterprises. Our specific work principle in the days to come is to lay equal stress on development and improvement, seek improvement in the course of development or vice versa, and combine the two into an organic whole.

When talking about the external environment for the development of township and town enterprises, Mao Zhongchen said: We should approach this issue in a comprehensive manner and with an eye on their development. Under the planned economy, there was both centralization and flexibility. Township and town enterprises belonged to the category of flexibility. In those years, consumption grades were low and the demand on products was moderate. Therefore, it was quite universally held that the external environment was sound. Under the market economy, as reform deepens, enterprises under various ownerships compete with one

another in the market on an equal footing and the flexibility superiority of township and town enterprises has gradually waned. To adapt themselves to this change, township and town enterprises should place great stress on bringing their own strong points into play and not let the change dampen their own enthusiasm. The various policies which the state and the governments at all levels have given to township and town enterprises should be implemented in a comprehensive, all, and flexible way. At the same time, under the guidance of state industrial policies, we should deepen reform, open wider to the outside world, carry out our work creatively, and uplift township and town enterprises to a new level.

When discussing the relationship between the development of state-owned enterprises and that of township and town enterprises, Ma Zhongchen pointed out: The practice of reform and opening up to the outside world over the last dozen years or so has proved that if township and town enterprises develop, state-owned enterprises will also develop. The two promote and complement each other and they are unified rather than antagonistic. State-owned enterprises, large and medium ones in particular, constitute the main pillar of the national economy and the main source of state revenue while township and town enterprises form an important complement to state-owned enterprises and an important force of support for large and medium enterprises. The development of large and medium state-owned enterprises will inevitably generate the development of township and town enterprises. Pitting the two against each other is one-sided in theory and harmful in practice. Our starting point and goal is to enable the two to promote each other and achieve common development.

In conclusion, Ma Zhongchen urged localities to conscientiously implement the spirit of the present work meeting on township and town enterprises.

1. We should make a comprehensive analysis of the situation in the development of township and town enterprises in specific localities, affirm achievements and sum up experience with perfect assurance, and continue to force ahead while constantly opening up new prospects in work. Meanwhile, we should look squarely at existing problems and prevent one tendency from concealing others.

2. We should actively and correctly guide public opinion and prevent disputes from hampering development.

3. We should lay the emphasis of work on implementation, ensure that leadership is exercised and policies and measures are implemented, and avoid vague generalizations.

So long as all of us achieve unity of thinking and carry out implementation work in a down-to-earth manner, we will surely be able to maintain the good momentum of the sustained, rapid, and healthy development of township and town enterprises in our province.

### Henan Public Security Discovers Underground Bank

HK0604154095 Beijing ZHONGGUO XINWEN SHE  
in English 1319 GMT 6 Apr 95

[FBIS Transcribed Text] Zhengzhou, April 6 (CNS)—An underground bank has been found in Xinye County of Henan Province recently. At present, the criminals have been detained by the local Public Security, and the cash in hand of RMB [renminbi] 340,000 is frozen temporarily.

Wang Sanpeng and Liu Changchun, the criminals, put up the signboards of "Hancheng Industrial Company in Xinye" and "Changjiang Industrial Company in Dengzhou" in Xindianpu Township and Dengzhou Town of Xinye County. They illegally printed several hundred share certificates of industrial and commercial enterprises and employed 18 agents. They attracted share deposits with a monthly dividend of 25 over 1,000.

After investigation, it is found that from December last year to present, they have absorbed more than 150 sums of share deposits of RMB 573,600, provided loans of RMB 50,700, paid interest and extra dividends of RMB 7,500, salaries of RMB 23,000, spent more than RMB 100,000 on commodities. There is RMB 344,700 cash in hand and the other RMB 40,000 and more is nowhere to be found.

This case is being further investigated now.

### Southwest Region

#### \*Guizhou Provincial Government Work Report

95CM0189A Guiyang GUIZHOU RIBAO in Chinese  
28 Feb 95 pp 1-3

[Work Report presented by Governor Chen Shineng (7115 1102 5174) at the Third Meeting of the Eighth Guizhou Provincial People's Congress on 19 February 1995]

[FBIS Translated Excerpt] [passage omitted] During 1994 we followed the CPC Central Committee's work guidelines—"grasp the opportunity, deepen reform, expand the open policy, promote development, and maintain stability." Under the leadership of the Guizhou Provincial CPC Committee, we liberated our thinking, worked assiduously, overcame difficulties, vigorously carried out the various tasks decided on by the second meeting of the eighth provincial People's Congress, and executed the national economic and social development plan with considerable success. The province's GDP is expected to hit 49.8 billion yuan, up 9.1 percent from the preceding year. Specifically, primary industry grew 4.0 percent; secondary industry, 10.9 percent; and tertiary industry, 14 percent. All social undertakings made new progress.

—Sustained rural economic growth. The gross value of agricultural output stood at 23.1 billion yuan, up 4.9 percent. Per capita peasant income amounted to 786 yuan, up 6.7 percent after adjusting for inflation. Total grain output was 9.1 million tons, an increase of 4.7 percent. Rapeseed output was 418,000 tons, up 8.3 percent. The output value of the animal husbandry industry was 6.5 billion yuan and the total meat output was 915,000 tons, both higher than last year's figures. Also, the afforested area was 5.1 million mu, a gain of 18.4 percent. The combined output value of township and town enterprises reached 17.74 billion yuan, up 44.3 percent. Investment in farmland irrigation works amounted to 305 million yuan. Altogether 620,000 mu were newly brought under irrigation, had improved irrigation, or were restored to irrigation, ending the water shortage problem of 350,000 people and 200,000 animals. Soil erosion affecting 1,000 square km of land was tackled. Under a program providing work as a form of relief, 570,000 mu of mountain slopes were transformed into terraced fields, 11.4 percent more than the plan projected. Phase two of comprehensive agricultural development was successfully implemented. The war on poverty made new headway as another 910,000 poor people rose above the poverty line.

—Industrial output increased steadily. The total value of industrial output at or above the township level reached 39.1 billion yuan, up 8.7 percent. Specifically, light industry grew 12.5 percent, and heavy industry, 6.7 percent. The total value of industrial output was 46 billion yuan, up 13 percent. There was strong growth in the energy industry. For all 1994, electric energy production was 19.285 billion kilowatt-hours, up 31.6 percent, and raw coal output, 50.53 million tons, up 13.1 percent. Large and mid-sized state enterprises continued to live up to their role as mainstay industries, accounting for 53 percent of the gross value of industrial output. The output of such key industries as flue-cured cigarettes, aluminum ingots, and cement increased briskly. In the coal industry, centrally allocated mines turned losses into profits. The profitability of the light, textile, chemical, and nonferrous metal industries also improved.

—Progress was made in structural adjustment. Tertiary industry maintained a rapid growth rate, 10 and 3.1 percentage points higher than the primary and secondary industries, respectively. Rapid growth was achieved in the transportation, posts and telecommunications, finance, insurance, and other service industries. Tourism earned \$21 million in foreign exchange and 600 million yuan were withdrawn from circulation, up 91 percent and 39.8 percent, respectively. The nonstate economy developed at an accelerated pace. Collective industry expanded 26.9 percent, while other industrial sectors of the nonstate economy grew 17.7 percent. Consumer goods retail sales in the nonstate commercial sector jumped 26.7 percent. The nonstate economy accounted for 54.2 percent and

78.9 percent, respectively, of the net increases in the gross value of industrial output and total consumer goods retail sales. By year's end, the number of individual industrial and commercial households had risen to 338,000, with a total employment of 457,400, paying 512 million yuan in taxes, all historic highs. The number of private enterprises stood at 4,944 with 933 million yuan in registered funds, up 38.1 percent and 65.8 percent, respectively. There were 163 newly approved enterprises either wholly or partially foreign funded.

—The construction of key projects intensified. Fixed assets investment in all society amounted to 13.1 billion yuan, up 23.6 percent. Specifically, 5.4 billion yuan went to capital construction and 3 billion yuan to transformation and modernization, up 22.7 percent and 16.7 percent, respectively. Two generating units at the Dongfeng Power Station went into operation on a trial basis. The No. 2 generating unit at Pan County power plant was put into production upon completion, as were two sets at the Puding Shuoshai power station. The class one power station at Tianshengqiao was dammed. The fiber optic cable between Guiyang and Xingyi opened. The two sections of the extra-large bridge over the Jiangjie He were joined. Program-controlled exchange was achieved in nine cities located in prefectures or municipalities as well as 31 counties; 170,000 program-controlled telephones were newly installed or expanded. Infrastructural development in townships accelerated. The modernization of the cluster of Lijiaoqiao at the Guiyang passenger train station was completed; it has been opened to traffic. Waterworks projects in 22 county towns across the province were completed. Six hundred and twenty km of county and township roads were rebuilt. Key projects like the Guiyang-Zunyi highway, Longtongbao airport, the Guizhou section of the Nanjing-Kunming railroad, the technological transformation of the Guiyang power plant, and the Wengfu phosphate fertilizer plant all made steady progress.

—Internal and external trade continued to grow. Consumer goods retail sales in all society totaled 16 billion yuan, an increase of 21.2 percent. Trading was active on the rural markets, where sales increased more rapidly than those in the townships. In all 1994, 150 million yuan was invested in the development of urban and rural country fair markets; 80 new country fair markets were built, and their combined sales for the year amounted to 9.388 billion yuan. Imports and exports totaled \$449 million, up 23.7 percent. Specifically, exports amounted to \$320 million, up 33.1 percent.

—The province did well fiscally and in taxation and banking. For all 1994, the province collected 3.124 billion yuan in revenue, up 16 percent over the preceding year. Fixed subsidies, special subsidies, and tax refunds from the central government boosted the total local revenue to 7.477 billion yuan. The province

collected 4.395 billion yuan in central (consumer) taxes and central-local shared taxes (value-added taxes), up 10.9 percent. The province fulfilled the budget tasks at both the revenue and the expenditure ends. Deposits of all types in state banks totaled 29.8 billion yuan at year end, 6.3 billion yuan more than at the beginning of the year. Miscellaneous loans amounted to 39.2 billion yuan, an increase of 7.19 billion yuan.

—Big strides were made in restructuring the economic system. The framework for a tax separation system is now in place as we pulled off a smooth transition in tax reform. Significant headway was made in foreign exchange reform. Financial reform is being realized gradually. Investment reform is being phased in. Enterprise reform is deepening. Progress has been made in transforming enterprise operating mechanisms. Experiments with the shareholding system are still under way. Enterprise reorganization is gaining momentum and preparations were made for pilot projects in the modern enterprise system. Rural reform is advancing with vigor. Experiments were launched to try selling the rights to use nonfarmland. The introduction of the shareholding cooperative system in township and town enterprises was accelerated. Variations of the integrated management model combining trade with industry and agriculture were tried out. Reform was intensified in the circulation arena; the prices of some commodities were adjusted. Reform of the circulation system pertaining to grains was perfected. Macroeconomic regulation and control of the grain and oil markets was tightened. The reform of state cooperative circulation enterprises was furthered and improved. The construction of state-level and provincial-level development zones was accelerated. New progress was made in wooing businesses and attracting capital; \$88.63 million in foreign capital was actually utilized. The State Nationalities Affairs Commission and the State Restructuring of the Economic System Commission approved the creation of the nationalities regional reform and open experimental zone in Nanzhou in south Guizhou. The latter commission also approved the designation of Lupanshi as the liaison city for the experiment in comprehensive coordinated reform. By liberating our thinking and through brainstorming we formulated and perfected a number of reform and open policies and measures.

—New developments in education, science and technology [S&T], and all social undertakings. Basic education was further strengthened. The school attendance rate among school-age children climbed to 95.1 percent. Almost 80 percent of the counties have made elementary education compulsory. The number of illiterates among young people fell 250,000. Vocational and technical education was strengthened. Regular colleges and universities changed their offerings of specialties by adding special fields of study that were in great demand. Minority education continued

to make progress. Of all students enrolled in schools, already one-third or so belonged to a minority nationality. The province boasted a number of new S&T achievements. New successes were reported in the implementation of the Spark Plan and the Torch Plan and there have been breakthroughs in S&T projects. Construction of the intermediate-range missile testing base and key laboratory was launched. The permanent provincial technical market opened for business, running up 400 million yuan worth of technical sales. A number of private S&T organizations and enterprises were founded. New progress was made in foreign S&T cooperation. Family planning work was further intensified, with an improvement in the overall level of work. The natural birthrate was 14.78 per thousand. Health care and medicine continued to improve. The penetration rate of village-level clinics now reached 60 percent. Popular sports continued to make progress, and gratifying achievements were reported in competitive sports. There were advances in employment and social insurance. New achievements were made in news reporting, publishing, radio and television, culture and arts, and libraries. A wealth of effective work to promote economic construction, reform, and the open policy was done by departments handling supervision, auditing, public security, justice, national security, people's air defense, industrial and commercial administration, statistics, commodity prices, land, environmental protection, technical supervision, mining, mapping, civil administration, nationalities affairs, foreign affairs, religion, overseas Chinese affairs, and Taiwan affairs, as well as the counselor's office.

—The construction of spiritual civilization and democratic legal construction were intensified. Educational activities in all shapes and forms revolving around the main theme of patriotic education were launched energetically. The construction of a mass-oriented spiritual civilization was organically integrated with learn-from-Lei-Feng activities, learn-from-heroes activities, Project Hope, and the dedicate-one's-love-to-the-two-mountains campaign, with favorable social results. Infrastructural development geared toward building the spiritual civilization was expedited, especially in the countryside. A total of 361 ground satellite stations for TV reception and transmission were built in towns and townships. The number of rural spiritual civilization activities centers has risen to 141. Socialist democracy was promoted, the socialist legal system was perfected, and the pace of local law-making quickened. Seventeen local laws and regulations were submitted to the standing committee of the provincial people's congress for its consideration; 27 sets of administrative regulations were formulated or approved for issue by the departments. The campaign to promote honesty in government, correct evil trends, and end disorder proceeded in depth. Supervisory organs throughout the province

solved 2,322 cases and brought to a close the investigation of several major cases. Efforts were redoubled to ensure law and order in society and a harsh crackdown was mounted on all sorts of criminal activities. Comprehensive treatment and activities to achieve goals continued to make progress. Railroad protection joint defense was stepped up. The campaign to concentrate on law and order problems in the countryside began to bear fruit, ensuring political stability and social order throughout Guizhou.

Delegates, the past year was a time when China took a decisive step toward the establishment of a socialist market economy. Reform last year was unprecedented in depth, breadth, and difficulty. The tasks were heavy and arduous. We took pains to conduct surveys and research in our work and overcame one hurdle after another, concentrating on the most glaring problems in reform and development. In view of the fact that industrial and commercial enterprises were riddled with problems, that industrial growth began to stagnate at one point, and that the level of revenue collected was not satisfactory, we were particularly careful to step up coordination among industrial and transportation production, tax work, and finance, thus implementing the national economic plan with a fair measure of success. Our achievements last year were hard-won victories, made possible by the leadership of the Guizhou CPC Committee, the supervision, support, and assistance of the provincial people's congress and Chinese People's Political Consultative Conference, and the united effort of the people of all nationalities in Guizhou. Here, on behalf of the provincial people's government, I would like to extend our highest respects and heartfelt thanks to the countless number of workers, peasants, cadres, intellectuals; to members of the PLA and officers and men of the armed police stationed in Guizhou, public security cadres and policemen, and members of the militia and reserve; and to patriotic figures with no party affiliation, compatriots from Hong Kong, Macao, and Taiwan, overseas Chinese, and foreign friends who support and care about Guizhou.

Even as we fully affirm our achievements, however, we must clearheadedly recognize existing problems. First of all, the rate of industrial growth has been too slow. Industrial development lacks staying power and many state enterprises are losing money. Second, the foundation of agriculture is fragile. We have been underinvesting in agriculture. Only a small percentage of the funds promised is actually made available. Third, prices have been rising too rapidly. Provincewide social commodity retail prices jumped 19.5 percent, affecting the actual living standards of both urban and rural residents to varying degrees. Fourth, there is a wide imbalance between revenue and expenditures. In particular, some counties have experienced worsening fiscal difficulties because of a reduction in the output of the flue-cured tobacco industry and other factors. Fifth, banks have a highly limited ability to provide credit funds and the lending gap has continued to widen. Sixth, law and order

is in peril in some localities. The masses are unhappy. Problems in economic development are caused in part by objective circumstances, primarily the province's shaky foundation and the fact that the overall nature of the economy is not yet compatible with the development of a socialist market economy. Other problems are inherent in the course of replacing one system with another. As far as our work is concerned, last year we did not pay enough attention to organizing production in industry and transportation in a balanced fashion or to government revenue. Our style of work still lacks depth. We have not done a good job in some areas. Accordingly we must review our experience, work hard to improve ourselves, and do a better job all around in the future. [passage omitted]

**\*Guizhou People's Higher Court Work Report**

95CM0190A Guiyang GUIZHOU RIBAO in Chinese 3 Mar 95 p 2

[Report by Xie Jinhan (6200 6930 3352), Guizhou People's Higher Court president, to the Third Session of the Eighth Guizhou People Congress on 23 February 1995: "Work Report of the Guizhou People's Higher Court"]

[FBIS Translated Excerpt] [Passage omitted]

**I. On Carrying Out a Thorough Struggle of "Severe Crackdown" To Fully Preserve Social Stability**

In 1994, the courts throughout Guizhou correctly recognized and dealt with the relations of reform and development to stability, adhering to the strategic principle of "emphatic and hardline dual tactics," continuing to carry out a thorough struggle of "severe crackdown," and persisting in firmly punishing in accordance with the law criminals who severely threatened public order in order to preserve social stability. The courts throughout Guizhou in 1994 began proceedings on 15,869 criminal cases and completed proceedings on 15,573 cases, which numbers were up from 1993 respectively 12.47 percent and 12 percent. They made legally valid judgments on 17,545 criminals, of whom 7,113, or 40.54 percent—up 1.99 points from 1993—were sentenced to over five years in prison, life imprisonment, or capital punishment (including stays of execution); with 10,114 sentenced to up to five years in prison, detention and labor, or surveillance; 221 exempted from criminal sanctions; and 97 declared not guilty.

To ensure that the "severe-crackdown" struggle was carried out soundly and thoroughly, Guizhou courts faced up to their public-order mission and repeatedly held special meetings to carefully plan the "severe-crackdown" work. Emphasizing the overall situation of close adherence to the party's basic line, preservation of stability, and promotion of development, they raised their "severe-crackdown" awareness, intensified their crackdown might, improved their crackdown quality,

and cracked down with authority and efficiency. In their actual work, they paid attention to emphasizing the following combinations:

1. They emphasized combining trial of major criminal cases with prompt hearing of ordinary criminal cases. They emphasized crackdown priorities and intensified their crackdown might. The courts at all levels throughout Guizhou made their crackdown priorities crimes such as homicide, robbery, rape, bombing, kidnapping for ransom, and hooliganism, particularly organized crime of a syndicate nature, punishing them severely and quickly according to law. As to major active pernicious cases such as the case that occurred in Guiyang of three robbers, hoodlums, thieves, and illicit gun carriers such as Pang Jianhua, who shot and killed a provincial discipline inspection commission cadre; the case of murderer, robber, and arsonist He Tiansheng, who shot and killed two persons on duty at the No. 1 Urban Credit Cooperative and stole a huge sum of money from that credit cooperative; and the case of bomber Li Yingcai that occurred in Zunyi City and caused seven deaths, injuries to seven others, and a loss of over 370,000 yuan in public and private assets, provincial courts and the pertinent intermediate courts all got involved in advance, so that once the cases were brought to court, they were tried quickly and prosecuted severely in accordance with the law. Offenders such as the abovementioned Pang Jianhua were all sentenced to death according to law.

2. They combined stronger routine crackdowns with concentrated crackdowns. While intensifying routine crackdowns, the courts throughout Guizhou organized and launched four concentrated provincewide crackdowns, focusing on prosecuting and sentencing a group of criminals who severely threatened public order. In one concentrated crackdown before National Day alone, they held quite mammoth sentencing congresses in 67 counties, cities, and districts throughout Guizhou, sentencing in a big way a group of serious criminals, of whom 129 were executed according to law.

3. They combined special struggles with priority controls. The courts at all levels acted in positive coordination with the pertinent departments, carrying out special struggles to thoroughly crack down on crimes such as "train and highway robbery," kidnapping, drugs, and larceny, curbing the spread of such crime. In 1994, they sentenced 7,074 larcenists, 1,702 kidnappers and sellers of women and children, 148 drug criminals, and 219 offenders who sabotaged water conservancy, power, transportation, and communications equipment. Courts in all areas acted in light of their local realities, carrying out concentrated crackdowns on their respectively most glaring crimes. For instance, the Guiyang Intermediate Court severely punished according to law in early May a gang of "train and highway robbers," seven intermediate courts in places such as Anshun and Bijie and five primary courts in places such as Zhijin and Panxian County held sentencing congresses on 24 and 25 June

respectively, concentrating on sentencing 64 drug offenders, of whom 11 were executed in accordance with the law; the Qianxi County Court directed its actions at that county's quite severe situation of cattle and horse thievery, carrying out a sustained special concentrated crackdown in which they prosecuted and sentenced on the spot, sentencing 149 cattle and horse thieves in 1994. The Yuping Autonomous County Court concentrated on controlling the theft of farm cattle, while dispatching armed police to help townships and villages set up public prevention groups, effectively preventing and reducing such crime.

4. They combined persistence in the "severe crackdown" with participation in the overall control of public order. The courts at all levels throughout Guizhou severely punished criminals according to law, while using their judicial functions to take an active part in the overall control of public order. A) They used forms such as public trials and emphasis on law by case to conduct legal propaganda and indoctrination, strengthening the legal concepts of citizens, and encouraging the public to fight crime. In 1994, they held 469 sentencing congresses of varying size, which 3.81 million people attended, sentencing 5,164 offenders in 2,831 criminal cases. B) They took an active part in making judicial proposals aimed at problems discovered in trial work, making 192 judicial proposals to the pertinent departments and units on better management, stopping up loopholes, and improving regulations, most of which were accepted. C) They intensified their juvenile court work, protecting the legitimate rights and interests of nonadults and preventing and reducing teenage crime. D) For reform-through-labor criminals who truly repented or rendered meritorious service, they reduced sentences or released on parole according to law, promoting the remolding of sentenced offenders. In 1994, they reduced sentences in 8,536 cases and ordered release on parole in 980 cases. E) They intensified their grass-roots work, bringing into full play the frontline role of people's courts in the overall control of public order by keeping conflicts from intensifying and reducing crime.

## **II. On Severely Punishing Serious Economic Crime and Persisting in Punishing Corruption To Ensure Economic Development**

The courts at all levels throughout Guizhou acted in line with the CPC Central Committee's call for an in-depth and protracted anticorruption struggle, giving prominence to the struggle to severely punish according to law serious economic crimes such as embezzlement and bribe-taking and achieving clear successes. In 1994, the courts throughout Guizhou started proceedings on 2,170 cases of economic crime and finished proceedings on 2,104 cases, which figures were up respectively 25.14 percent and 23.76 percent from 1993. They gave out legally valid sentences to 2,145 offenders, of whom 819, or 38.18 percent—up 0.2 points from 1993—were sentenced to more than five years in prison, life imprisonment, or capital punishment (including stays of execution); 1,280 were sentenced to less than five years in

prison, detention and service, or surveillance; 32 were exempted from criminal sanctions; and 14 were found innocent. The trials recouped for the state and collectives economic losses amounting to 10.3823 million yuan.

Courts at all levels made their crackdown priority severely punishing according to law the crimes of embezzlement and bribe-taking by state workers in party and government organs and the judicial, executive, and economic management sectors, conscientiously intensifying their leadership of major case trials, organizing meticulously, and emphasizing implementation. In 1994, courts throughout Guizhou finished proceedings on 243 cases of [economic] crime involving over 10,000 yuan each, up 24.28 percent from 1993, including 11 cases involving more than 300,000 yuan each, up 120 percent from 1993.

Guizhou courts paid attention to intensifying their guidance and oversight of major trials, with court leaders personally emphasizing several major cases in Guizhou that had a crucial impact by organizing meticulously and taking a direct part in the proceedings to ensure that such cases were tried promptly and correctly. Yan Jianhong, former Guizhou International Trust and Investment Corp Board chairman, exploited his position to personally embezzle 650,000 yuan and \$14,300 in public funds, as well as colluding with others to embezzle 1.5 million yuan; he misappropriated 2.0064 million yuan and \$50,000 in public funds, colluding with others in wholesale cigarette profiteering, from which he personally acquired the exorbitant profit of 400,000 yuan; and he took bribes of 10,000 Hong Kong dollars and property valued at 17,000 yuan. Through trial and appeal at the Guiyang Intermediate Court, he was sentenced to death for the crimes of embezzlement, misappropriation of public funds, profiteering, and bribe-taking, which sentence has been reported to the Supreme People's Court for review. Guo Zhengmin, former Guizhou Public Security director, exploited his position in the pursuit of illegal profits with others, taking 170,000 yuan in bribes, for which the Guiyang Intermediate Court sentenced him to death. When the Guizhou Appeals Court discovered that Guo Zhengmin would inform against and expose other crimes, rendering significant meritorious service, it suspended his death sentence for two years. In forceful coordination with the in-depth anticorruption struggle, the trials of these significant cases of public concern were publicized and reported by the media, which expanded their social impact.

Meanwhile, courts throughout Guizhou intensified their struggle against the crimes of tax evasion, resistance, and fraud, and the manufacture and sale of fake and shoddy commodities. They conducted a special concentrated crackdown on such crimes, firmly punishing such criminals in accordance with the law. Once the cases were brought to court, they were tried and concluded quickly. In 1994, Guizhou courts sentenced 26 criminals for tax evasion, resistance, and fraud, and 21 for the manufacture and sale of fake and shoddy commodities.

### III. On Reconciling Economic Relations According to Law To Bring the Functional Role of Economic Trials Into Direct Service to Economic Construction

In the past year, economic trials throughout Guizhou have more forcefully reconciled economic relations in accordance with law, providing effective judicial guarantees for faster economic growth and the establishment of a socialist market economy. In 1994, Guizhou courts started proceedings on 12,819 cases of economic disputes, and concluded proceedings on 11,931 cases, which figures were up respectively 20.04 percent and 19.6 percent from 1993. And they resolved trademark disputes involving 434.9514 million yuan, up 28.72 percent from 1993. In addition, they also applied oversight procedures to conclude 5,265 cases of economic disputes, settling trademark disputes involving 20.3718 million yuan.

In economic trials, Guizhou courts at all levels focused closely on the central missions set forth by the party and state, adjusting their work plans in line with party and state principles, policies, and crucial reform steps, focused on trying the following types of cases:

- Through trying cases of economic disputes closely related to the establishment of a socialist market economy such as borrowing, buying and selling, property leasing, and construction project contract contracting, they used judicial means to ensure the smooth application of state macroeconomic regulation and control and reform steps, preserved economic order in the fields of production and circulation, safeguarded fair competition, and curbed improper competition to speed up the development and improvement of our socialist market economy. In 1994, they concluded proceedings on 5,826 cases of borrowing contract disputes, 2,006 cases of buying and selling contract disputes, 378 cases of property leasing contract disputes, and 300 cases of construction project contract disputes, and resolved trademark disputes involving 334.0647 million yuan.
- Through trying cases of economic disputes over the conversion of enterprise operating forces, they protected enterprise operating autonomy, adjusted and optimized the industrial structure, and pushed enterprises toward the market to speed up establishment of a modern enterprise system. In 1994, they concluded proceedings on 472 cases of disputes over matters such as enterprise bankruptcies, mergers, joint operations, contracting, and leased operations, and settled trademark disputes involving 34.9114 million yuan.
- Through trying cases involving the growth of the rural economy, they preserved the household responsibility system of linking remuneration to output and the dual operating forces combining centralization with decentralization, protected the legitimate rights and interests of the vast numbers of peasants, and improved township enterprise operation and management to ensure the invigoration of the agricultural and rural

economies. In 1994, they concluded proceedings on 765 cases of rural contract disputes and settled trademark disputes involving 1.0294 million yuan, with the number of cases concluded up 177.17 percent from 1993.

- They actively tried cases of all sorts of new economic disputes arising in the course of intensified reform. Courts in all areas, despite imperfect pertinent legislation, observed basic legal principles, emphasized the role of policy guidance, made "the three contributions" their criteria, and explored actively to correctly handle many new types of cases. In 1994, they concluded proceedings on 47 cases of disputes over bonds, notes, financed leasing, and futures trading, up 172.7 percent from 1993, resolved trademark disputes involving 2.3037 million yuan, concluded proceedings on 27 cases of IPR and technology contract issues, and settled additional trademark disputes involving 1.2686 million yuan.

The courts at all levels throughout Guizhou based their actions on trying economic cases well, while paying attention to extending their judicial functions, by proceeding from the realities of all areas in adopting diverse means and forms of service to the establishment of a socialist market economy. 1) They set up economic-dispute mediation centers and acted in line with the principles of "simple, direct, fast, and efficient" to promptly mediate a large number of economic disputes, which played a key role in quickly resolving conflicts and reconciling economic relations. 2) They set up a sound judicial liaison system, tightened their ties to enterprises, took the initiative to provide doorstep law, and launched legal advisory services. Through providing training in legal knowledge to enterprise managers, helping to investigate economic contracts, and aiding enterprises in establishing rules and regulations, they put enterprise production operations onto a legal path. 3) They instituted all sorts of special services. Many courts took the initiative to help enterprises inventory their assets and liabilities and conducted legal debt liquidation and loan recoupment to recoup a large amount of idle funds for the state and enterprises.

### IV. An All-Out Intensification of Civil, Administrative, and Appeals Trial Work To Legally Protect the Legitimate Rights and Interests of Citizens and Legal Persons

In 1994, Guizhou courts paid closer attention to doing better civil, administrative, and appeals trial work. Through trial activity, they promptly and correctly handled a large number of cases involving personal and property rights and legally protected the legitimate rights and interests of citizens and legal persons.

In civil trial work, they continued to maintain good growth momentum. In 1994, they started proceedings on 60,611 civil cases and finished proceedings on 57,972 cases, which figures were up respectively 7.7 percent and 8.45 percent from 1993.

In the course of establishing a socialist market economy, a marked feature of civil-case change is that while the number of cases involving personal rights and interests have grown steadily, cases involving property rights and interests are also growing yearly. In 1994, Guizhou courts concluded proceedings on 12,347 cases of civil liability issues, 3,014 cases of real estate issues, 442 cases of labor disputes, and 357 cases of various disputes over reputation rights, copyrights, and science and technology achievement rights. All of the above cases were up sharply from 1993. All courts used judicial mediation means to protect legitimate rights and interests and placed sanctions on illegal actions to speed up the establishment and development of a socialist market economy. As to cases of real estate disputes where litigated amounts are large, legal relations are complex, legislation is inadequate, and trials are difficult, Guizhou courts conducted in-depth study and investigation, making 57 specific recommendations on handling real estate cases to ensure that such cases were tried properly.

Cases of marriage and family disputes remain the majority of civil cases and are continuing to rise. In 1994, Guizhou courts started proceedings on 34,009 such cases and finished proceedings on 33,069, which figures were up respectively 3.71 percent and 4.43 percent from 1993. As such cases have a direct impact on the socialist spiritual civilization establishment, their handling by courts in all areas legally restrained and sanctioned behavior that violates socialist marriage and family institutions and socialist morality norms; conscientiously protected freedom of marriage; safeguarded legal marriage relations; protected the legitimate rights and interests of women, children, and the elderly; and consolidated socialist marriage and family institutions to promote establishment of a socialist spiritual civilization.

Due to the rising number of cases of disputes over land, forests, water conservancy facilities, and damage compensation arising out of the adjustment of the interests order and profit relations, Guizhou courts began proceedings in 1994 on 8,866 such cases and concluded proceedings on 8,318, which figures were up respectively 10.8 percent and 10.89 percent from 1993. Because such cases are large in number and broad in scope, involving many public disputes, their conflicts easily intensify. Courts at all levels took a stronger sense of political liability, combined firm and strict enforcement with attention to the social results of cases, made full use of mediation means, and worked harder with the litigants to dredge and convert thought processes, which effectively kept the conflicts from intensifying, promptly resolved and quelled disputes, and reduced instability.

We made new advances in our administrative trial work. In 1994, Guizhou courts conscientiously acted in the spirit of the provincial administrative trial work conference and the Guizhou court's "Views on Several Issues Involved in Strengthening Administrative Trial Work," freed up thinking, roused spirits, raised awareness of

receiving cases in accordance with law and enforcing the law strictly, and took effective leadership and institutional steps to improve the external climate for administrative law enforcement, which brought new advances in administrative trial work. In 1994, they started proceedings on 1,609 administrative cases, up 0.44 percent from 1993, and concluded proceedings on 1,496 cases. Of the concluded cases, 481, or 32.15 percent, maintained administrative-organ decisions; 444, or 29.68 percent, revoked and changed administrative-organ decisions; 425, or 28.41 percent, dismissed the plaintiff's suits; and 146, or 9.7 percent, reached other decisions. To greet the official application of the "State Compensation Law," Guizhou courts and all intermediate courts provided training to the over 700 administrative enforcement personnel throughout Guizhou, so that administrative enforcement organs could make the necessary ideological and professional preparations.

We further intensified and improved our appeals work. Courts in all areas acted in line with the suggestions set forth by the provincial court on the institutionalization and standardization of appeals work, generally practicing the separation of prosecutors from judges, graded liability, and an investigation oversight system. Many courts also took the initiative to provide in-depth neighborhood and rural service, set up litigant reception centers in remote border and mountainous regions, and did all possible to make lawsuits easy for the public. In 1994, our courts handled 124,437 letters and visits. Investigation shows that they promptly accepted, according to law, 37,951 proper suits and 1,786 appeals. As to improper suits and appeals, they fully explained the legal grounds and patiently worked to educate, guide, and mediate, which reduced the public caseload. This correctly dealt with many suits and appeals at the initial letter or visit stage, lowering our appeals rate 6.53 points from 1993. [passage omitted]

#### **Tibetan Daily Views Antisplittist Struggle**

OW0604123795 Lhasa XIZANG RIBAO in Chinese 30 Jan 95 p 4

[Article by Yu Dunxiu (0151 2415 4423): "Persist in the Two-Handed Approach and Intensify the Antisplittist Struggle"]

[FBIS Translated Text] Correctly understanding the role and status of the antisplittist struggle in economic construction under the current new situation of reform and opening up is of major practical significance to gaining a full and accurate understanding of Comrade Deng Xiaoping's principle of "carrying out two tasks simultaneously and paying equal attention to both;" further stabilizing the situation; safeguarding the motherland's unity; enhancing ethnic unity; and ensuring smooth progress in reform and opening up.

#### **1. The antisplittist struggle is a special form of class struggle during the new period.**

As in the rest of the country, social contradictions in our region are currently manifested in the multitude of

contradictions among the people. However, we cannot but clearly see that the struggle between splittist and antisplittist forces is more pronounced and acute in our region. Destablizing factors can be mainly summed up in two aspects: 1) International anti-Chinese forces are attempting to exploit the issues of "human rights and religion" to create an opening in Tibet through which they can proceed to achieve their goals of "secession" and "Westernization." The Dalai clique pursues "Tibetan independence" in collusion with domestic and foreign splittist forces. They deliberately confuse political issues with ethnic, religious, and human rights issues in every possible way; fabricate rumors; resort to demagoguery; and instigate the masses. They also adopt every political means to sow dissension between the party and government on the one hand and the broad masses of people on the other; and to drive a wedge in the Tibetans' friendly relationship with the Han nationality. Moreover, by exploiting some shortcomings and errors in our work, they raise the nationality banner, dress themselves in the garb of religion, and use human rights as a pretext to confuse the religious sentiments and political principles of the faithful, to blur the distinction between ethnic feelings and national concepts, and to deceive the masses. This has rendered our region's antisplittist struggle more complex and arduous. Although class struggle is currently not our region's principal contradiction, it does exist to a certain extent in our region. We must adopt rigorous measures to heighten our vigilance.

**2. We should keep a close watch on the new trends of activities by splittist forces.**

**1) We should prevent splittist activities from spreading to farming and pastoral areas.**

Under cover of a legitimate status accorded by sightseeing, tourism, and visits with relatives, foreign hostile and splittist forces have sneaked into farming and pastoral areas to hand out Dalai pictures, reactionary leaflets, and audiovisual products to carry out instigative and reactionary propaganda regarding activities in favor of "Tibetan independence."

**2) Volatile social issues are being exploited for purposes of infiltration through the manipulation of public opinion.**

The ever-deepening drive for reform will inevitably lead to a redistribution of social interests. Our region's low social productive forces, its fairly underdeveloped economy, and its people's poor ability to cope—coupled with our inadequate propaganda and explanatory efforts and the infringement of people's interests as a result of a few bureaucratic and corrupt practices—have afforded splittists an opportunity to incite dissatisfaction with the government and provoke incidents among cadres, workers, staff members, and people.

**3) The struggle launched against us to win over youngsters has escalated with each passing day.**

The Dalai clique targets youngsters in its efforts to incite defections in the vain hope that the goal of secession will be realized several years or decades later if it cannot be achieved at the moment. Accordingly, it has stepped up its efforts to divide and demoralize Tibetan youngsters. One of the methods it employs is to use the "three guarantees" to induce our cadres, workers, staff members, peasants, and herdsmen to send their children to schools that it operates for training splittist fighters.

Judging by the aforesaid new distinctive features and new trends, the situation in our region regarding stability, especially the antisplittist struggle, is very grim. We should sharpen our sense of danger, heighten our vigilance, and maintain long-term stability in our region's situation.

**3. We should give tit for tat and have the initiative of the antisplittist struggle in our hands.**

We should keep our head cool toward the realities of attempts of "secession" and "Westernization" by foreign hostile forces and the Dalai clique, and should step up publicity and education in the following fields of work:

First, we should go all out to propagate the guidelines of the third forum on work in Tibet; should publicize the party Central Committee's concern for the Tibetan people, as well as the selfless assistance from the people of all nationalities in the hinterland to Tibet; and should use ironclad facts to smash the enemy's scheme.

Second, we should launch a media offensive to expose the ugly features of foreign hostile forces and the Dalai clique.

Party and government organizations at all levels and press units should take an unequivocal stance on the frontline of the antisplittist struggle, and should strengthen ideological education on its nature and significance and on hot social issues to strengthen the intensity to fight splittists and to harness the enthusiasm of the masses at the grass roots in fighting against splittism.

Third, we should strengthen ideological education on the principle that the Han and minority nationalities are inseparable and should promote unity among nationalities. Unity among nationalities is an important guarantee for quickening Tibet's economic development. All units and departments should start with minor matters and educate cadres and workers in refraining from saying and doing things detrimental to the unity among nationalities; should vigorously publicize and commend collectives and individuals outstanding in promoting the unity among the nationalities; and should work hard to cultivate a good atmosphere of fraternity, harmony, and friendship among the people of all nationalities.

Fourth, we should strengthen education in patriotism among the large number of youngsters. The youth are the future of the motherland and the hope of the nation. We

should educate them in patriotism and unity among nationalities through a great variety of publicity and emulation campaigns in the knowledge of history and nationalities and other topics.

Fifth, we should strengthen management and education of cadres. Party committees, governments, and organization and personnel departments at all levels should effectively strengthen education and management of their cadres and workers, keeping an eye on their door and personnel and doing their job well. In observing and evaluating cadres and people of various circles, we should by no means give promotion in job and grade to people taking an ambiguous stance in the antisplittist struggle; and should firmly expel from the ranks of cadres those who support and serve splittist forces faithfully.

Sixth, we should intensify the construction of clean government. Party organizations at all levels should step up efforts to promote clean government while taking a clear-cut stance in fighting ferociously against splittism. The Dalai clique has exploited some unhealthy tendencies in our work to spread rumors, to confuse and poison the people's minds, and to achieve the goal of "secession." Therefore, under no circumstances should party cadres, especially leading cadres, do things that can alienate the masses and forfeit popular support. We should work hard to render more solid services to the people, perform duties honestly and diligently, and try to reduce errors in work. We should smash the splittists' ambition and scheme, and ensure the smooth progress in the work of all fields.

In fighting against splittism in Tibet, we should be guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and should resolutely implement the principle of "carrying out two tasks simultaneously and paying equal attention to both," in order to promote economic development and ensure long-term stability and order in the region.

#### Yunnan Regulations on Private Enterprises

HK0703042695 Kunming YUNNAN RIBAO in Chinese  
14 Jan 95 p 3

["Yunnan Provincial Regulations on Private Enterprises—Approved at the 11th Meeting of the Eighth Yunnan Provincial People's Congress Standing Committee on 13 January 1995"]

[FBIS Translated Text] Public Announcement by the Standing Committee of the Provincial People's Congress (No. 26)

The "Yunnan Provincial Regulations on Private Enterprises" were discussed and approved at the 11th Meeting of the Eighth Yunnan Provincial People's Congress Standing Committee on 13 January 1995. They are herewith promulgated and come into force on the day of

promulgation. Yunnan Province Eighth People's Congress Standing Committee 13 January 1995 Chapter I—General Provisions

Article 1: Private enterprise is a component part of the socialist market economy. These regulations are formulated in accordance with relevant state laws and regulations and in the light of the realities of Yunnan province, to promote the development of private enterprise and to safeguard the legitimate rights and interests of private enterprise.

Article 2: For the purposes of the present regulations, the term "private enterprises" refers to economic organizations which have assets formed through private investment, which are owned by private individuals, have the basic conditions for enterprises, are registered in accordance with the law, and which engage in profit-oriented production or operation activities.

Article 3: People's governments at all levels will actively support the development of private enterprises and, in accordance with state and provincial industrial policies, guide and encourage the development of production-type, science and technology-type and externally-oriented private enterprises. They should also encourage the development of agricultural services, transport, and information consultancy industries and create a fine environment in which private enterprises can engage in equal competition.

Article 4: The legitimate rights and interests of private enterprises are protected by the laws of the state and will not be violated by any organization or individual.

Article 5: The staff and workers of private enterprises may organize trade unions in accordance with the law, and the legitimate interests of staff and workers are protected by the laws of the state. Chapter II—The Organizational Form of Private Enterprises

Article 6: The main forms of private enterprises are as follows:

1. Sole proprietorship enterprises.
2. Partnership enterprises.
3. Limited liability companies.

Article 7: A sole proprietorship enterprise is an economic organization financed and operated by a single person who assumes unlimited responsibility for the liabilities of his enterprise.

Article 8: A partnership enterprise is an economic organization with capital contributed in accordance with an agreement by two or more persons who jointly operate the enterprise and jointly assume responsibility for profits and losses.

A partnership enterprise should have a written partnership agreement which clearly states details such as the form and amount of capital contribution by partners, the

division of profits, the bearing of liability, as well as how people are to enter and withdraw from the partnership and procedures for winding up the partnership and settling accounts.

The partners will bear unlimited joint responsibility for the liabilities of their enterprise.

**Article 9:** A limited liability company is a corporate enterprise whose shareholders are liable only to the limit of the amount of capital they have contributed, while the company is liable for debt only to the limit of the total amount of its assets.

The establishment of a limited liability company will be carried out in accordance with the stipulations of the "Company Law of the PRC."

**Article 10:** Private enterprises may act as promoters of companies limited by shares.

The establishment of a company limited by shares must be carried out in accordance with the "PRC Company Law."

**Article 11:** Private enterprises may participate in joint operations with other economic organizations. The ownership of the assets of those engaged in joint operations will not change and they will bear legal responsibility in accordance with the terms and conditions agreed upon.

Private enterprises may invest in and purchase shares in other enterprises in accordance with the law. They may also contract, lease, or merge with other enterprises.

Private enterprises may form equity and contractual joint ventures with foreign businesses in accordance with the law. Chapter III—The Registration of Private Enterprises

**Article 12:** Any person aged 18 years or over who comes under any of the following categories may apply to establish a private enterprise:

1. Urban persons awaiting employment.
2. Residents of rural areas.
3. Individual industrial or commercial operators.
4. Personnel who have retired, resigned, or have left their work posts or military units.
5. Other persons as permitted under laws and regulations.

**Article 13:** Applications to establish private enterprises should meet the following conditions:

1. They must have an enterprise name which is in accord with regulations.
2. The number of investors must be in accord with the number stipulated in the regulations.
3. They must have funds and personnel commensurate with the proposed scale of production or operation.

4. They must have fixed production or operation venues together with necessary equipment.

5. They must be in accord with other conditions as stipulated by laws, regulations, and administrative rules.

**Article 14:** In applying to establish a private business, it is necessary to hold the relevant documents and to carry out registration procedures at the industrial and commercial administrative management department at or above county level in the locality where the production and operations site is located, or the locality where the enterprise's major administrative organ is located. Private enterprises may commence production or operations only after obtaining a "business license" or "enterprise corporate business license."

**Article 15:** The following documents must be produced when an application is made to register a private enterprise:

1. Documents of identity of the applicants.
2. Application for business registration.
3. Property rights or use-rights certificate for the production or operations site.
4. Articles of association of the enterprise.
5. Other effective documents as stipulated by laws, regulations, and administrative rules.

**Article 16:** In the case of industries or commodities whose production or operation requires special approval, relevant approval documents must be submitted at the time of application for registration.

**Article 17:** Within 30 days of receiving an application to register a business, the industrial and commercial management department will register those businesses which accord with the stated conditions and issue a business license or enterprise corporate business license. In respect of those applications which do not meet the conditions, licenses will not be issued and an explanation as to why the license has not been issued will be provided.

The establishment of a private enterprise requires examination and approval by relevant departments. Relevant departments should handle the applications within the time limits stipulated by laws, regulations, and rules. Those which are approved should be provided with approval documents, while in cases of applications not being approved, the applicants should be informed of the decision and provided with an explanation for the refusal.

**Article 18:** In respect of applications to establish private enterprises in border areas; high, cold, or isolated areas; or national minority and poverty-affected areas, after the industrial and commercial administrative management

departments have examined and approved the application, the business registration will be provided free of charge.

Article 19: A private enterprise will, within 30 days of obtaining its license, file tax registration forms at the tax department in the locality where its production or operation activities are carried out.

Article 20: After commencement of operations, a private enterprise with corporate status may not reduce its registered capital. If a reduction is indeed necessary, the enterprise must draw up a balance sheet and a property list and, in accordance with the stipulations of the "PRC Company Law," publish newspaper announcements to advise its creditors of the change. If, within the stipulated period after the public announcement the creditors raise no objections, an application to change the registration may be submitted to the industrial and commercial administrative management department.

If, after commencement of operations, a private enterprise with corporate status wishes to increase its registered capital, it should provide the industrial and commercial administrative and management department with legal investment verification certificates for the additional capital and carry out the procedures to change the registration.

Article 21: When a private enterprise engages in separation, merger, alienation, transfer, establishment or abolition of branches, or any major change as compared to when it was registered, it must apply to the industrial and commercial administrative and management department at which it was originally registered, to change its registration, cancel its registration, or to re-register. A public announcement of the enterprise registration having been carried out by the industrial and commercial administrative and management department must also be made.

Article 22: In the event of termination of business by a private enterprise, it must draw up a liquidation balance sheet of its assets, make its tax payments, clear all outstanding liabilities, make a public announcement to society, and submit an application to the industrial and commercial administrative and management department where it was originally registered, requesting cancellation of its registration.

If a private enterprise with corporate status applies for bankruptcy, the application will be handled in accordance with Chapter VIII of the "PRC Company Law," the procedures governing enterprise bankruptcy and repayment of debt under the "PRC Law of Civil Proceedings," and relevant state stipulations.

Article 23: State organs, state enterprises, collective enterprises, or institutional units must not, through provision of certificates or other means, facilitate the registration of private businesses as state-owned or collective enterprises. Chapter IV—Rights and Obligations of Private Enterprises

Article 24: In their production and operational activities, private enterprises enjoy the following rights:

1. The right to use or transfer, in accordance with the law, the name, business name, and registered trademark of the enterprise.
2. The right to operate independently within the approved and registered business scope.
3. The right to apply to financial organs for loans.
4. The right to obtain land-use rights in accordance with the law.
5. The right to decide independently on the employment system of the enterprise.
6. The right to decide independently in accordance with the law, on the distribution of the enterprise's post-tax profits and the methods of distributing the wages and bonuses of the staff and workers.
7. The right to participate in the state appraisal of professional and technical posts and decide on the grading of and use of posts within the enterprise.
8. The right to decide on the prices of their products and the charges for their services within the limits set by the state.
9. The right to participate in product appraisal, quality assessment, technical appraisal, metrological testing, exhibitions for the ordering of products, educational and technical training, and various other business activities organized by the state, relevant departments or regional organizations.
10. The right to apply for registration of trademarks and patents and to register research achievements.
11. The right to report state and regional scientific research and development projects.
12. The right to enter into, implement, change, or annul economic contracts, in accordance with the law.
13. The right to submit requests for the enterprise to carry out changes, cease business, stop production, or declare bankruptcy, in accordance with the law.
14. Those rights vested in them by the stipulations of other laws and regulations.

Article 25: In their production and operational activities, private enterprise will fulfill the following obligations:

1. They will abide by laws, regulations, and administrative rules and accept the supervision carried out in accordance with the law by state administrative and law enforcement departments, as well as public supervision.
2. They will adhere to the principles of voluntariness, equality, fairness, honesty, trustworthiness, and respect for professional ethics.
3. They will pay taxes according to law.

4. They will pay all charges due in accordance with the stipulations of laws, regulations, and administrative rules.

5. They will establish complete financial accounting systems and provide statistical materials to relevant departments in accordance with the law.

6. They will respect state pricing management regulations.

7. They will implement contracts in accordance with the law.

8. They will guarantee the quality of the products which they produce or deal in and will not produce or sell fake or poor quality products.

9. They will guarantee the legitimate rights and interests of staff and workers and provide necessary conditions for the activities of the enterprise's trade union.

10. They will protect the natural environment and natural resources and guard against pollution.

11. They will fulfill other obligations as set down in laws, regulations, and administrative rules

Article 26: Except as where prohibited by laws, regulations, or administrative rules, private enterprises have the right to operate in any industry and deal in any commodity.

Article 27: Private enterprises with the conditions may apply for import and export rights in accordance with the law. They may also engage in joint operations with enterprises which have import-export rights or develop foreign trade business through appointing agents.

Article 28: No organization or individual may arbitrarily seize or occupy a place legally utilized for production or operation by a private enterprise. If there is a need for an enterprise to shift due to the demands of construction, the unit engaged in construction will provide suitable arrangements for the private enterprise in accordance with relevant state regulations. When the private enterprises incur losses as a result of having to shift, compensation will be provided in accordance with regulations.

Article 29: The persons employed in a private enterprise, in respect of state political life, joining the armed forces, entering school, and the selection of labor models, will enjoy equal status with the staff and workers of state and collective enterprises.

Article 30: Private enterprises have the right to refuse to pay charges and fines as well as all sorts of levies and above-standard fees, except for those stipulated under laws, regulations, and administrative rules.

If, as a result of refusing to pay arbitrary or unofficial charges and levies private enterprises are subject to reprisals and their legitimate rights and interests are

harmed, they have the right to make a report or lay a charge with the relevant state organ or to bring a suit in the people's court.

Article 31: In employing staff and workers, a private enterprise will, in accordance with the "PRC Labor Law," conclude labor contracts with workers, pay the staff and workers labor remuneration in full and on time, ensure that they can enjoy the welfare benefits prescribed by the state, and arrange for the workers' unemployment, old-age, medical, and injury insurances.

Private enterprises should provide their workers with professional education and on-the-job training.

Article 32: In their production and operational activities, private enterprises should improve working conditions, strengthen labor protection, provide workers with labor safety equipment, and carry out safe production.

Industries and types of work which affect personal health or safety must be carried out in accordance with the relevant labor protection stipulations of the national and provincial people's governments.

Article 33: Private enterprises must, in accordance with the stipulations of relevant laws and regulations, provide special labor protection to women workers and those workers who are not yet adult and may not employ child labor.

Private enterprises must not, through threats of violence or other illegal measures, force staff and workers to work for extended hours. They are strictly prohibited from maltreating or bullying their staff and workers and must not induce, entice, or coerce their staff and workers to engage in illegal activities.

Article 34: When taking decisions on the termination of the labor contract of a worker or on other administrative punishments, a private enterprise will first seek the opinion of the trade union of the enterprise (or industry). If the trade union believes that the proposed action is inappropriate, it has the right to request the enterprise to reconsider the arrangements.

Article 35: When a labor dispute occurs between a private enterprise and its workers, it may be resolved through negotiation. If negotiations are unsuccessful the matter should, in accordance with the law, be submitted to the local labor dispute arbitration committee with a request for mediation and arbitration. Cases can also be submitted to the people's court. Chapter V—Management and Service

Article 36: Industrial and commercial administrative management organs at the various levels will exercise administrative management and supervision over enterprises in accordance with law, safeguard legitimate production and operation activities, and investigate and punish illegal activities.

Article 37: Planning and economic and trade departments at various levels will study and formulate industrial policies for the development of private enterprises

and strengthen macroeconomic guidance. They will also, together with relevant departments, coordinate and help to resolve private enterprises' problems in respect of raw materials, fuel, water, electricity, product appraisal, product export, technical transformation, appraisal of technical duties, and problems in going abroad to engage in commercial activities.

Article 38: Township and small town enterprise management departments at all levels will, together with relevant departments, guide and support the development of private enterprises in the rural areas; provide them with pre-production, production and post-production services; and engage in guidance and supervision in respect of product quality, safe production, rational use of resources, and environmental production.

Article 39: Urban and rural construction management departments at all levels will, in accordance with urban and rural construction plans, provide private enterprises with information so that they can select production and operation sites.

Article 40: Private enterprises may, in accordance with the stipulations of laws, regulations, and administrative rules, request a reduction in, or exemption from, taxes. For those enterprises which meet the conditions, taxation departments at all levels will handle the tax reduction or exemption procedures for them in a timely way.

Article 41: The levying of various charges on private enterprises by relevant departments must be carried out in accordance with the stipulations of laws, regulations, and administrative rules.

No unit or individual may, in any form, require from private enterprises the provision of labor, materials, or monies in excess of those stipulated by laws, regulations, and administrative rules and may not arbitrarily impose fines.

Article 42: Industrial and commercial associations at all levels will unify, assist, educate, and guide private enterprises in patriotism, respecting their trade, and observing the law; provide them with market information and consultancy services; and will safeguard the legitimate rights and interests of the private enterprises.

Article 43: Other relevant departments will, within the scope of their responsibilities, provide guidance, service, supervision, and management in respect of the production and operational activities of private enterprises, in accordance with the law.

#### Chapter VI—Legal Responsibilities

Article 44: If, during the production and operations of private enterprises, any of the following occur: Tax evasion, tax fraud, refusal to pay tax or other offences which violate tax laws and regulations; production and sale of fake or poor-quality products; or actions which violate state laws and regulations governing resources,

finances, health, social order, or environmental protection, the relevant departments will mete out punishment in accordance with state laws, regulations, and administrative rules.

Article 45: Those who operate without a license in contravention of these Regulations will have their illegal earnings confiscated by the industrial and commercial administrative management departments. Those who meet registration conditions, will be required to register within a set period, while those who do not meet registration conditions will be ordered to cease operations. Those who refuse to accept management arrangements and continue to operate will be subject to fines ranging from 5,000 to 50,000 yuan.

Those who operate as a company without a license will be punished in accordance with the stipulations of The "PRC Company Law."

Article 46: State organs, state and collective enterprises, and institutional units which violate Article 23 of these Regulations, apart from bearing the appropriate civil responsibility, will be ordered by the industrial and commercial administrative management department to redress the situation, while the organ or enterprise's managing department will investigate and affix administrative responsibility to the persons directly responsible.

If industrial and commercial administrative and management departments or their staff members make serious mistakes or intentionally allow the false registration of a private enterprise, its managing department will, in accordance with the situation, investigate and affix the administrative responsibility on those directly responsible and will impose economic punishment.

Article 47: If any unit or individual, in violation of the stipulations of laws, regulations, or administrative rules, imposes arbitrary charges, levies, or fines on a private enterprise, the supervisory department or the relevant management department will, in accordance with the law, investigate and affix the administrative responsibility on the responsible persons of the unit or the persons directly responsible and will impose a fine of from one to three times the illegal income.

Article 48: If state organs or the personnel in state organs, in exercising their functions violate laws, regulations, or administrative rules and infringe upon the legitimate rights and interests of private enterprises, leading to the enterprises suffering harm, they will shoulder the responsibility of compensation in accordance with the stipulations of the "PRC State Compensation Law."

Article 49: If personnel in state organs abuse their powers, bend the law for the benefit of personal connections, solicit or accept bribes, or harm the legitimate rights and interests of private enterprises, administrative

punishment will be imposed by the supervising department or the relevant management department in accordance with the situation and illegal income will be confiscated. Where such actions constitute crimes, criminal responsibility will be investigated and affixed in accordance with the law.

Article 50: In their production and operation activities, private enterprises may not be punished twice by administrative management organs for the same economic offense citing the same facts and reasons.

Article 51: Fines and confiscated income collected under the provisions of these Regulations will all be handed over to the financial department at the same level.

Article 52: If the party concerned does not agree with the punishment meted out, he may request a review of the decision or institute proceedings in the people's court, in accordance with the "PRC Administrative Review Regulations" and the "PRC Administrative Litigation Law."

If the party concerned does not apply for a review of the punishment, does not institute legal proceedings, and does not pay any fine due, the organ which made the decision on the punishment can apply to the people's court for enforced implementation. Chapter VII—Supplementary Provisions

Article 53: Problems in the specific implementation of these Regulations will be subject to explanation and interpretation by the industrial and commercial administrative and management department of Yunnan Province.

Article 54: These regulations will take effect from the date of their promulgation.

#### Yunnan Government Plenary Meeting Sets 20 Tasks

HK0704061795 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 28 Mar 95

[FBIS Translated Excerpt] The first plenary meeting of the Eighth Yunnan Provincial People's Government was held in Kunming yesterday. The meeting pointed out the need to conscientiously implement the instructions of the Third Sessions of the Eighth National and Provincial People's Congresses, to concentrate efforts on 20 practical tasks, and to comprehensively fulfill this year's tasks.

On the basis of the resolution drawn up by the 12th executive meeting of the provincial government, the plenary meeting, after discussions, decided on 20 practical tasks for fulfillment as follows: 1) Putting agriculture in first place in economic work and making every possible effort for a good agricultural harvest. [passage omitted] 2) Resolutely curbing inflation and keeping inflation under 13 percent, as required by the provincial people's congress. 3) Improving state-owned enterprises and expediting their reform. 4) Concentrating forces and

funds for the fulfillment of key construction projects listed by the Eighth Five-Year Plan. 5) Making new steps in adjusting the structure and cultivating new industries. 6) Turning newly emerging industries into good quality industries and pillars for increasing foreign exchange income by the year 2000, with focus on the development of Yunnan's biological resources, by industrializing scientific and technological achievements, and taking enterprises and households as the operational form. 7) Formulating a comprehensive plan for agricultural, water resources, biological, mineral, and tourism development along the five rivers of the Jinsha Jiang, the Lancang Jiang, the Nanpan Jiang, the Nu Jiang, and the Hong He. [passage omitted] 8) Widening the scope of opening to the outside world and expediting the introduction of foreign capital. 9) Making major headway in tourism. 10) Making a success of the second battle against poverty, with the aim of helping 1 million people out of poverty this year. [passage omitted] 11) Making good arrangements for life and production in disaster-stricken areas. 12) Giving priority to the strategic position of education. 13) Making new progress in all social undertakings. 14) Formulating the Ninth Five-Year Plan. 15) Making good preparations for the opening of the Third Kunming Trade Fair. [passage omitted] 16) Improving coordinated reform measures, forming the provincial-, prefectural-, and county-level tax sharing system, improving the social insurance system, deepening investment structure reform, increasing the impetus of circulation structure reform, further displaying the major role of state commerce as well as supply and marketing cooperatives, and expediting institutional reform. 17) Further strengthening the formation of democratic and legal systems. 18) Exercising comprehensive management over social order. 19) Properly carrying out the housing project. 20) Carrying out in-depth combat against corruption.

At the meeting yesterday, Governor He Zhiqiang relayed the instructions of the Third Sessions of the Eighth National and Provincial People's Congresses. [passage omitted]

#### Northwest Region

##### Gansu Leaders Commend Construction Projects

HK0504140495 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 22 Mar 95

[FBIS Translated Text] At the provincial work meeting on key construction which was held yesterday [22 March], provincial party Secretary Yan Haiwang stressed: We should have a deep understanding of the significance of doing a good job in key construction; make concerted efforts to uplift the province's key construction to a new level; and build, as quickly as possible, a batch of key construction projects which are of high quality, require less investment, have a relatively short period of construction, and promote the sustained, rapid, and healthy development of the province's

economy. During the "Eighth Five-Year Plan," the province has decided to undertake 63 key construction projects. The 51 projects which were scheduled to be fully or partly completed and put into operation in the first four years of the plan have been completed, thus adding the gathering momentum for the province's economic development.

To sum up experience, commend the advanced, and further bring people's drive into full play, the provincial government commended 15 units undertaking key construction projects, including the [words indistinct] project of the Lanzhou-Lhasa Double-track Railroad, the Lanzhou Railroad Sub-branch of the Bank of Construction provincial branch, and two other advanced units which undertook key construction projects.

Provincial leaders Yang Haiwang, [Governor] Zhang Wule, (Shi Mazhong), Guo Kun, and Li Zhong issued certificates of merit to them.

Yang Haiwang said: We should fully affirm the practice, achievements, and experience of the province in undertaking key construction in the first four years of the "Eighth Five-Year Plan," continue to do a good job of these basic projects, and actively and conscientiously carry out the preparatory work for key construction projects.

Governor Zhang Wule pointed out: The province should place development in the first position. One important way is to step up efforts to carry out key construction projects, encourage all sides concerned to make concerted efforts in investing in the projects, pay strict attention to project quality, [words indistinct], and implement the responsibility system so as to uplift the province's key construction to a new height.

#### Gansu Governor Delivers Work Report to Congress

HK0504140095 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 28 Mar 95

[FBIS Translated Excerpt] Let us now broadcast a recorded report filed by our reporter yesterday on the grand opening of the Third Session of the Eighth Gansu Provincial People's Congress.

[Begin recording] [Unidentified reporter] In this good season of spring, the Third Session of the Eighth Gansu Provincial People's Congress opened in Lanzhou today in a grand atmosphere. People's congress deputies from all localities and fronts gathered in the provincial capital to discuss Gansu's major issues. [passage omitted]

At 8:00 am Kejian, executive chairman of the presidium, declared the session open.

[Unidentified reporter] Now declare the Third Session of the Eighth Gansu Provincial People's Congress open. Please rise. Now, the national anthem.

[Reporter] [passage omitted] Governor Zhang Wule presented a government work report to the session on behalf of the provincial government.

[Zhang] Deputies: On behalf of the provincial people's government, I now present the government work report. Please examine it. Members of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], please raise your suggestions.

[Reporter] After reviewing last year's government work, Zhang Wule set this year's guiding principles and targets of endeavor. He also set nine jobs for fulfillment this year. The details are:

1. Providing classified guidance to stimulate overall rural economic development.
2. Maintaining a moderate development rate and making efforts to improve the quality and efficiency of economic growth.
3. Deepening all reforms with focus on improving state-owned enterprises and further widening the scope of openness to the world.
4. Strengthening macroeconomic regulation and control and strictly controlling excessive price increases.
5. fostering new areas for economic growth and making efforts to build up financial resources.
6. Making efforts to increase the total volume of [words indistinct] capital and improving efficiency in using capital.
7. Expediting the development of the economies and social undertakings in minority nationality areas and further strengthening nationality solidarity.
8. Strengthening spiritual civilization and developing all social undertakings in a coordinated way.
9. Strengthening the formation of the democratic and legal system and constantly improving our work style.

In conclusion, Zhang Wule said:

[Zhang] Deputies: Reviewing the past and looking into the future, we have full reason to firmly believe that with the common efforts of the people of all nationalities throughout the province, as long as we work hard with one heart and one mind, conscientiously implement the instructions the Third and Fourth Sessions of the 14th CPC Central Committee and the just concluded Third Session of the Eighth National People's Congress [NPC], and fulfill all the targets of endeavor laid down by this ongoing session, we will smoothly achieve the above-mentioned nine jobs. Thank you.

[Reporter] The provincial deputies to the Third Session of the Eighth NPC; members of the provincial government; persons in charge of the relevant departments of the provincial party committee and government; persons in charge of the work departments of the provincial

people's congress standing committee as well as the work committees of all districts; all members attending the Third Session of the Seventh Provincial CPPCC; persons in charge of mass organizations in the province; persons in charge of county, city, and prefectural people's congress standing committees; advisers from the provincial government's advisers bureau; and members of the provincial culture and history research institute, a total of 750 people, attended the session. Today's session also invited 50 civilians recommended by democratic parties and mass organizations to attend the session as visitors. [end recording]

### **Xinjiang Publishes Development Plan Report**

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["Report on the Implementation of the 1994 Autonomous Regional Economic and Social Development Plan and the 1995 (Draft) Plan Delivered by Su Yongguang, Chairman of the Autonomous Regional Planning Commission, at the Third Session of the Eighth Xinjiang Autonomous Regional People's Congress on 18 February 1995"—XINJIANG RIBAO headline]

[FBIS Translated Text] Fellow deputies: On behalf of the autonomous regional people's government, I now submit a report on the implementation of Xinjiang Uygur Autonomous Region's 1994 plan for economic and social development and the 1995 (draft) plan for your examination and approval. I. Implementation of the 1994 Autonomous Regional Plan

In 1994, the region earnestly implemented the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; strived to accomplish various tasks; and made new progress in reform, opening up, economic construction, and various social services in accordance with the 20-character principles of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" determined by the CPC Central Committee. The 1994 regional economic and social development plan examined and approved by the Second Session of the Eighth Xinjiang Autonomous Regional People's Congress was implemented with fairly good results. The economy operated in a healthy manner, with the region maintaining sustained economic development. According to preliminary statistics, the region's total output value of goods and services in 1994 amounted to 63.2 billion yuan (41.96 billion yuan in terms of 1990 constant prices), representing 96.7 percent of the planned target and a 10.9-percent increase over the previous year. The output value of primary, secondary, and tertiary industry rose by 8 percent, 10.2 percent, and 14.9 percent, respectively.

—Bumper harvests were reaped in agriculture and animal husbandry. Except for grain output which decreased slightly, the output of other major crops and

animal products all increased substantially. Total agricultural output value was 30.031 billion yuan (19.79 billion yuan in terms of 1990 constant prices), representing 101 percent of the annual plan and a 9-percent increase over the previous year. Total output of cotton, beets, oil-bearing crops, and meat was 825,000 tonnes, 2,992,400 tonnes, 507,600 tonnes, and 428,100 tonnes, respectively, up 21.3 percent, 26.3 percent, 37.1 percent, and 11.8 percent from the previous year. Total output value of village and town enterprises was 10.2 billion yuan (9.58 billion yuan in terms of 1990 constant prices), increasing by 54.2 percent.

—Various difficulties were overcome in industrial production, which maintained a certain growth rate. Total industrial output value was 58.383 billion yuan (35.685 billion yuan in terms of 1990 constant prices), representing 96.7 percent of the annual plan and a 9.9-percent increase over the previous year. The output of major industrial goods rose by varying degrees. Of these products, the output of crude oil, electricity, steel products, and cotton yarn totaled 11,530,400 tonnes, 10.346 billion kWh, 568,200 tonnes, and 1.11 million pieces (jian 0115), respectively, growing by 8.2 percent, 8 percent, 21.9 percent, and 60.9 percent. The transportation, postal, and telecommunications sectors all experienced growth. Truck and rail freight totaled 356 million tonnes and 21.602 million tonnes, respectively, increasing by 1.4 percent and 7 percent. Freight turnover at the mouth of the Shule He was 13.3 million tonnes, up 9 percent. Total postal and telecommunications business was worth 575 million yuan, a 43.8-percent increase.

—Fixed-asset investment continued to grow, and the construction of key projects proceeded smoothly. Total fixed-asset investment was 29.904 billion yuan, a 20.4-percent increase over the previous year. Local fixed-asset investment totaled 11.383 billion yuan, representing 116 percent of the planned target and a 17.9-percent rise. Of this amount, capital-construction investment by local state-owned units amounted to 5.16 billion yuan, representing 104 percent of the planned target and a 13.1-percent increase. Technical-upgrading investment came to 1.56 billion yuan, up 43.1 percent. Last year, the construction of 28 key projects proceeded fairly well in the autonomous region. Except for the Axi gold mine, 13 of the projects, which were launched wholly or partially, are expected to be completed on schedule. Newly added major productive capacities include: 250,000 kw of electricity, 2.97 million tonnes of crude oil, 150,000 tonnes of steel, 473 km of multiple-track railways, a 2,400-meter airport runway, an additional 866.7 km of long-distance fiber-optic cable, and a 912-meter highway bridge.

—Sound momentum was maintained in opening up to the outside world. Exports and imports totaled \$1.023 billion in 1994. Of this amount, exports and imports

accounted for \$570 million and \$452 million, respectively, growing by 15.3 percent and 8.5 percent over the previous year. In spot trading, exports totaled \$330 million, rising by 61 percent.

—The pace of building a market system was quickened, distribution order took a turn for the better, and there was an ample supply of commodities. Consumer goods sales totaled 19.626 billion yuan, a 16.8-percent increase over the previous year.

—Financial revenue increased fairly rapidly, and the financial and banking situation was stable. Local financial revenue totaled 2.7 billion yuan, representing 110.3 percent of the planned target and a 29.1-percent increase over the previous year. Financial institutions throughout the region took 63.444 billion yuan in deposits, 19.376 billion yuan more than at the end of 1993. Of these deposits, savings deposits by urban and rural residents totaled 34.771 billion yuan, 10.363 billion yuan more than at the end of 1993. Loans of various types came to 63.232 billion yuan, 12.627 billion yuan more than at the end of 1993.

—Science and technology, education, public health, sports, journalism, publishing, and other social undertakings developed steadily; people's livelihood continued to improve. Peasants' per capita net income reached 935.5 yuan, up 5.5 percent from the previous year taking inflation into consideration—the highest annual growth rate ever for Xinjiang.

—Noticeable progress was made in carrying out the few practical things that we decided early last year to accomplish in this and next year. Water supply projects completed in rural areas last year are capable of supplying drinking water for 250,000 people and 500,000 animals. Construction of 83 new public health stations at the township and town levels and the renovation of 66 stations, which were decided on last year, will be basically completed. Work on supplying electric power to Maigaiti, Bachu, and Aheqi counties was carried out smoothly.

—Reform of the financial, taxation, banking, foreign exchange, foreign trade, investment, price, circulation, and other systems proceeded smoothly. The foreign exchange, foreign trade, and investment systems have been adapted to the state's reform and have been operational; the tax-sharing financial system has begun to function; reform of the banking system was carried out smoothly; price reform was carried out steadily; the various regulatory risk funds are being established; reform of the circulation system of grain, cotton, petroleum, and other staple commodities was carried out smoothly, and initial results were achieved; a new step was made in reforming the enterprise property right system.

In 1994, the general trend of Xinjiang's economic functioning was healthy, and the situation was good. Nevertheless, some prominent problems still exist. First, the

price increase was too rapid and price index stayed high. It is estimated that last year's retail price increase was 25.7 percent—the inflation situation was severe. Second, grain production dropped. Total grain production was 6.6617 million tonnes last year, more than 300,000 tonnes less than the planned amount. Third, the industrial economic efficiency was poor. Profits of budgeted industrial enterprises dropped; losses increased; losses were incurred in more areas; some enterprises had difficulties doing business. Fourth, regional and border trade volume dropped. Due to adjustment in the state's foreign trade policy and changes in neighboring countries' foreign trade policies, it is estimated that last year's total regional and border trade volume dropped 17.2 percent. Fifth, financial deficits increased; fund supply fell far short of demand; low percentages of funds were available for capital construction projects.

Although the aforementioned problems pertain to development, we must pay great attention to them, and, in planning this year's economic work, we should take effective measures to deal with these problems in order to enable them to turn for the better.

From the perspective of the overall regional economic situation, Xinjiang should have many favorable conditions for economic development in 1995. First, a key step in the process of establishing a socialist market economic system has been made following smooth introduction of major reforms last year in such fields as finance and taxation, banking, foreign exchange, foreign trade, investment, price, and the circulation system. After a year's operation and improvement, the new system will have a greater role to play in this year's economic life and thus will further improve the environment of macroeconomic operation. Second, Xinjiang's bumper agricultural harvest in successive years has laid a fine foundation for sustained, rapid, and healthy national economic development, particularly the sharp increase in such economic crops as cotton, sugar, and oil materials has guaranteed resources for its processing industry and foreign trade. Third, the resumption of Lanzhou-Xinjiang railway service and commission of the Xian-Lanzhou-Urumqi fiber optic cable will alleviate the "bottleneck" constraining Xinjiang's economic development. Fourth, the completion and commencement of operations of a host of major projects, including the expansion of the Eighth Iron and Steel Mill, the second phase of Manas Power Plant, and the ethylene and petrochemical polyester projects in Dushanzi and Urumqi, will inject new vitality into Xinjiang's economic development and thus greatly mitigate the supply-demand contradiction in energy and raw materials. Fifth, in attaching importance to the problem of widening east-west disparity, the state will not only accelerate prospecting and exploitation of petroleum and natural gas in Xinjiang, but will also actively help improve its infrastructure; turn it into an important grain and cotton producing base; and develop such leading industry as petrochemicals. Sixth, economic development and continued income improvement for

both urban and rural residents will gradually increase the demand for consumption. All these factors will effectively help maintain a relatively rapid national economic growth in Xinjiang.

However, difficulties and contradictions in this year's economic life should not be overlooked. From the perspective of overall economic development, the task of curbing inflation will remain considerably tough this year. This is because of the relatively wide difference between efficiency of grain and economic crops production; difficulties in stabilizing grain production; slowness in industrial enterprises' operational transformation; backwardness in technical equipment and weakness in product competition; the unlikelyhood of any significant change in low economic efficiency in the near future; difficulties in financial funding; and obvious continuation of the supply-demand contradiction in both capital construction and cash flow. **II. Macroeconomic Objectives Set For 1995 and Several Issues To Be Handled Properly**

The autonomous regional party committee's economic work conference forwarded the following principles and tasks for Xinjiang's economic work this year: To adhere to Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; thoroughly implement decisions of both the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and guidelines of the Central Economic Work Conference; continue implementing the principle of "seizing the opportunity to deepen reform, open wider to the outside world, expedite development, and maintain stability"; and correctly handle relations between reform, development, and stability while consolidating and developing achievements of establishing the socialist market economic system in Xinjiang. It is our determination to check inflation; establish a sound market order; vigorously increase agricultural input; realize steady agricultural growth; concentrate energies on improving state-owned enterprises—particularly state-owned large and medium-sized enterprises—to bring about marked change in the industrial economy; rely on our own strength in economic development; alleviate the tight financial situation by broadening revenue sources and reducing expenditure; and intensify structural adjustment to further enhance the overall quality of the national economy.

In accordance with the aforementioned guiding principle and tasks and taking into account all the favorable and unfavorable factors as well as the overall objective of the Eighth Five-Year Plan, we have tentatively set the following goals of macroeconomic control for our region in 1995: Gross domestic product, 46.56 billion yuan (in terms of constant price), up 11 percent over 1994. Of which, the growth rate for the primary sector is set at 4.9 percent; secondary sector, 11.1 percent; and tertiary sector, 17 percent. Total local investment in the region in fixed assets is set at 13.98 billion yuan, up 22.8 percent over 1994; local revenue, 3,108,000 million yuan, up

11.1 percent in terms of constant prices; total volume of exports, \$600 million, up 5.2 percent. Sales of consumer goods are projected at 23.6 billion yuan, up 20.4 percent. The general index of retail prices will be kept within 115 percent and the natural population growth rate under 18.2 per thousand.

To attain the aforementioned macroeconomic control objectives, we must pay close attention to the following aspects of the region's economic planning:

(1) Make the curbing of inflation the top priority in macroeconomic control. It is essential to properly handle the relationship between economic growth and prices, strengthen and improve macroeconomic regulation and control, implement effective measures to increase the supply of essential goods, maintain a basic balance between overall supply and demand, and bring down excessive price increases.

(2) Make agriculture the top priority in economic work. We should continue to consolidate the position of agriculture as the foundation of the economy, increase agricultural input, build up the capacity for sustained agricultural development, steadily increase grain and cotton output, ensure fulfillment of grain acreage and output plans. We should rationally readjust the rural economic structure and crop pattern, develop highly efficient agriculture that provides greater and better yields, energetically develop village and township enterprises, and bring about all-around development of the rural economy and increase farmer income.

(3) Continue our efforts in strengthening infrastructure, basic industries, and essential raw materials industries, implement key engineering projects and technical upgrading in a number of key enterprises, and make positive efforts in developing backbone industries.

(4) Accelerate development services and support industries related to the exploitation of petroleum and natural gas by taking hold of the excellent opportunity presented by the ongoing exploitation of petroleum and natural gas, and by making the most of our region's bountiful resources, accelerate construction of projects for manufacturing of down-stream products of ethylene resin, increase our overall strengths, and cultivate new growth industries.

(5) Make use of our resources and geographic advantages to quicken the pace of opening up to the outside world and strive for greater progress in utilizing foreign capital, economic and technological cooperation, and foreign trade.

(6) Develop the various social undertakings and bring about balanced economic and social progress. We should perform more solid services for the people, solve the drinking water needs for humans and livestock in some localities, improve public health facilities in villages and towns, bring electricity to counties still without it, and improve rural living standards.

(7) Intensify reform and make positive efforts to improve and implement reform measures already announced. We should speed up experimentation with the modern enterprise system and improve corresponding supplementary reforms. We should further intensify reform of the planning system to make it more in tune with key reforms in other sectors and bring into fuller play the role of planning in terms of overall guidance and regulations. **III. Consolidate the Position of Agriculture as the Foundation of the Economy and Ensure Steady Growth of Major Farm Products**

We must uphold the guiding principle of "steadily increasing grain and cotton production, improving economic efficiency, increasing farmers' income"; and vigorously develop agriculture, ensure grain production, readjust the crop pattern in a steady and prudent manner, develop diversified undertakings, and increase the supply of agricultural products. The plan sets agricultural output at 20.78 billion yuan (in terms of constant price), up 5 percent over last year; grain output at 7 million metric tons (1.35 million metric tons of which will be produced by Xinjiang Construction and Production Corps), up 5.08 percent over last year; cotton output, 900,000 metric tons, up 9.1 percent; oil-bearing crops, 400,000 metric tons; rapeseed, 3.2 million metric tons, up 6.9 percent; and meat products, 450,000 metric tons, up 5.1 percent. The total output of village and township enterprises is set at 13.5 billion yuan, up 40.9 percent in terms of constant prices. This year we plan to grow 24 million mu of grain, up 1.66 million mu over last year. The acreage for cotton is set at 11.3 million mu, basically on a par with last year's level.

The key points of this year's economic work are as follows:

—Ensure grain and cotton production. We must see to it that the grain acreage plan of 24 million mu (of which 14 million mu is for wheat) is carried out. We will make greater application of new technology and increase material input for grain production to raise per-unit output as well as overall output. Under the precondition of ensuring the region will be self-sufficient in grain and balanced development from area to area, efforts should be made to readjust the crop pattern in a steady and prudent manner. We should stabilize areas planted with cotton, promote scientific farming and management, and put more emphasis on raising quality and per-unit output. We should—in line with market demands and the needs of industrial production—draft plans for the production of brandname, high-quality, native, special, and rare products including oil-bearing crops, rapeseed, high-quality melons and fruits, hops, and silkworms. We should take the "vegetable basket" project seriously, exercise more effective leadership, implement county head and mayor responsibility system in this regard, increase vegetable acreage and input, expand the source of vegetable supply, and increase the supply of essential agricultural and sideline products.

—Increase input in agriculture and improve the four-tiered framework of investment by state, localities, collectives, and individuals and increase real investment in agriculture through many channels. We should pay special attention to construction of farmland conservation facilities with emphasis on seepage control and economic use of water, increase the acreage under effective irrigation, and enhance our ability to withstand natural disasters. We should redouble our efforts in developing key grain-producing counties, state commodity grain production bases, and cotton production bases.

—While developing grassland animal husbandry, we should pay more attention to stock breeding in crop-farming regions and city outskirts, readjust the stock structure, improve stock variety, increase per-head meat output, and expand commodity production of stock products. We should step up fund-raising efforts to speed up development of grasslands, help the herdsmen settle down, and improve conditions of livestock production.

—Make continued efforts to invigorate agriculture through application of scientific and technological advances and make greater application of science and technology a key factor for increased agricultural production. We should continue implementing the "Bumper Harvest Plan," which is designed to promote greater use of science and technology, and see to it the plan will be implemented on 13.5 million mu of crops. We should upgrade, in a selective manner, farmland that now provides only low or medium yields and expand high-yield farmland with per-mu yield of a metric tons of grain, 1,000 jin of wheat, or 200 jin of ginned cotton. We should pay greater attention to raising the quality of farmers and herdsmen by stepping up skills training for them.

—Vigorously promote village and township enterprises and diversified undertakings. We should implement in an all-around manner the central policy of providing support for the development of village and township enterprises in central and western parts of China, as well as the autonomous region's preferential policy of promoting the development of village and township enterprises, and see to it that state credits are distributed and funds are raised through multiple channels. We should strive to increase input in village and township enterprises and maintain the good, fast growth momentum of village and township enterprises in order to raise non-agricultural income in rural areas to a new level.

—Earnestly implement state policies and measures for consolidating agriculture, implement the policy of raising grain and cotton prices, keep the prices of agricultural capital goods under strict control, and truly alleviate the farmers' tax burdens by keeping them under 5 percent of the farmers' net annual income to ensure an increase in both production and

income for farmers and herdsmen. We should do a good job in implementing in our region the national plan for easing poverty for 80 million people in seven years between 1994 and 2000, speed up implementation of the plan to bring fairly comfortable standards of living to 1 million people in Xinjiang, and lift a number of farmers and herdsmen out of poverty year after year as is required by the plan.

#### **IV. We Should Facilitate Production in the Industry and Communications Sector and Raise Economic Efficiency in Industrial Enterprises**

We should emphatically carry out industrial restructuring; raise economic efficiency in the industrial sector; persistently enhance industrial production and operations in accordance with market demand in Tibet, other localities, and overseas; strive to develop more products; and upgrade technical progress in enterprises so as to expeditiously increase industrial production and to raise industrial efficiency considerably. We plan to produce a total industrial output worth 39.3 billion yuan, up 10.1 percent over 1994. We have production plans for 46 major industrial products, including 13.35 million tons of crude oil, up 15.8 percent; 6.85 million tons of refined oil, up 5.9 percent; 11.5 billion kw/hr of generated electricity, up 11.2 percent; 620,000 tons of steel products, up 9.2 percent; 480,000 tons of cement, up 8.1 percent; 1.3 million pieces of cotton yarn, up 17.1 percent; and 340,00 tons of sugar, up 20.4 percent. We plan to transport 26 million tons of goods by train, up 20.4 percent, including delivering 16 million tons of goods through the mouth of the Shule River, up 20.3 percent. The civil aviation sector will handle a total transportation turnover amounting to 240 million tons/km, up 5.3 percent. The total value of postal and telecommunications operations will amount to 700 million yuan, up 21.7 percent over that of 1994.

The principal measures for us to facilitate production in the industry and communications sector in 1995 are as follows:

- We should intensify activities “to change mechanisms, strengthen management and self-development, and enhance efficiency.” We should earnestly and properly experiment on establishing a modern enterprise system and carry out various relevant preliminary tasks to change state enterprise operating mechanisms. Furthermore, we should encourage enterprises to form enterprise groups and corporations whose major partners are the public sector and main characteristics are their joint property rights. It is necessary to improve organizational components in enterprises, and reform a number of enterprises to accelerate the pace of organizationally restructuring enterprises. Additionally, we should also strengthen and upgrade enterprise operations and management, enhance the quality of enterprises, and raise their economic efficiency.
- We should continually strive to increase investments for technical renovation, and readjust and invigorate

energy resources and other related assets. By emphatically readjusting our product mix, relying on the advantage of Xinjiang's resources, gearing to the market, and aiming to raise efficiency, we should gather more funds through various channels; accelerate technical renovation in various key sectors, including textiles, salt chemical engineering, metallurgy, and energy resources; improve technical standards; and strengthen enterprises' ability to adapt to the market.

- We should accelerate the development of communications, transportation, and posts and telecommunications to raise our comprehensive transportation capacity. We should fully utilize the favorable conditions in 1995 whereby trains are operating along the full length of the Lanzhou-Xinjiang double-track railroads, and intensify railway transportation to ensure normal operations in industrial and agricultural production, and in trade and commercial activities.
- We should change government functions further; strengthen comprehensive analyses and market predictions on the industry's economic activities; and persistently organize industrial production in accordance with the principle of “raising the production of salable products, restricting the production of moderately demanded products, and stopping the production of unsalable products.” We should promptly resolve enterprises' problems encountered during their production and operating processes; properly provide services as comprehensive coordinators; pay special attention to studying issues on enterprises' excessive debts; and readjust the relations between the assets and the debts of enterprises to create more favorable external conditions for enterprises to carry on their production and operations.

#### **V. We Should Appropriately Continue To Increase Fixed Asset Investment, and Continually Improve the Structure of Investment Projects To Safeguard Key Construction Projects**

To fulfill the requirements of autonomous regional economic development and in accordance with Xinjiang's capacity, our preliminary accounts for 1995 are as follows: Fixed asset investment for local projects across Xinjiang will total 13.98 billion yuan, up 22.8 percent. Out of the total, investments by state-owned units will total 9.09 billion yuan, up 25 percent; investments by collective units will be 1.4 billion yuan, up 25 percent; investments by individuals will reach 2.01 billion yuan, up 15.5 percent; and investments by others will amount to 1.48 billion yuan, up 19.2 percent. Among investments by state-owned units, 6.2 billion yuan will be for capital construction projects, up 20.2 percent over 1994; 2.08 billion yuan for enterprises' technical renovation, up 33.3 percent; 150 million yuan for other areas, up 36.4 percent; and 660 million yuan for constructing commercial housing units, up 46.7 percent.

We have planned to invest over 5 million yuan each on 127 capital construction projects. We have preliminarily

designated 30 projects as Xinjiang's key construction projects, of which 24 are extensions of old projects. They are as follows: The Hotan Uruwati key water control project; the first phase of the Tarim agricultural irrigation, drainage, and environmental protection project; the Hongyanchi Electric Plant's fourth expansion project; the Habahe River Shankou Mountain Pass Hydroelectric Plant; the Hotan Lasikui Electric Plant's fourth expansion project; the Hami No. 2 Electric Plant's second expansion project; the Urumqi Tiechanggou Opencast Coal Mine; the Hami Mining Bureau Beiquan Slope Mine; the Urumqi Mining Bureau Weihuliang Coal Mine's expansion project; the Shache County Coal Mine's new pits; the Xinjiang Oilfield's surveying, explorations, and development projects; the Tarim Oilfield's surveying and explorations projects; the Turpan-Hami Oilfield's surveying, explorations, and development projects; the Dushanzi 140,000-ton ethylene project; the Urumqi Petrochemical Corporation's second-phased polyester project; the Urumqi Petrochemical Corporation's second fertilizer project; the Lanzhou-Xinjiang double-track railroads; the Turpan-Urumqi-Dahuangshan high-class highway; the Sailimu-Qingshuihe section of national highway No. 312; the Qingshuihe-Yining section of national highway No. 218; the Urumqi Airport's renovation and expansion project; the Xinjiang No. 8 Iron and Steel Plant's renovation and expansion project; the Axi gold mine; and the Karamay oil-transshipping depot. The other six new projects are as follows: The key "635" water-diverting control project and construction of its principal canal along the Ertix River; the water-diversion and irrigation project along the Tekes River; the Ili Tianshan Paper Mill; the Tacheng Sugar Plant; the sewerage plant at the eastern section of the Urumqi River; and the project to repair flooded roads along the Urumqi River basin.

Among the key construction projects, eight are in full operation and five are partially productive. The following are the major newly-added productive capacities: 132,000 kw of electricity generation capacity; 2.55 million tons of coal; 870,000 tons of crude oil (from the Xinjiang Oilfield); 140,000 tons of ethylene; 120,000 tons of polyethylene; 70,000 tons of polypropylene; 40,000 tons of ethanediol; 20,000 tons of butadiene rubber; 55,000 tons of paraxylene; 75,000 tons of terephthalic acid; 918 kg of gold; and a 248-km section of the double-track railroad has been open to traffic.

We have planned seven tentative projects as follows: The south Xinjiang railroad expansion project; the Dushanzi alkylbenzene project; the Korla 1 million-ton oil refinery; the Xinjiang Fertilizer Plant's 200,000 ton-synthetic ammonia project; the Urumqi-Kuytun high-class highway; the second Ili electric power plant; and the Aksu Xiehela water-diverting control project.

To continually deepen reform in the investment system, and intensify and improve macroeconomic regulation over the total volume and composition of investments, we should emphatically and properly carry out the following tasks in 1995:

—We should continually reform and improve the investment management system; upgrade the plan's roles as a regulator, a balancer, guide, coordinator, and services-provider; strengthen macroeconomic administration; intensify guidance over industrial policies; regulate decisionmaking procedures on investments; and curtail general and nonproductive projects to gradually optimize Xinjiang's economic sectors and structure.

—Construction funds should be pooled together and used collectively to ensure the needs of major projects that will go into production; and budgetary investment for fixed assets, assorted construction funds, loans from foreign countries, and international banking institutions should be used collectively on these projects and on building the infrastructure so that new productive forces can be created as quickly as possible.

—First-phase preparations for major projects should be intensified. Part of the funds should be used on the first-phase preparations for projects concerning agriculture, water conservancy, communications, energy, and major raw and semi-finished materials; as well as for projects vital to Xinjiang's economy.

—We should actively broaden fund-raising avenues, and guide large- and medium-size enterprises of the central and local governments, collective and privately-owned enterprises, and individuals to invest in building basic industries and infrastructure. We should, in a well-planned and systematic manner, designate some well-managed, competitive trades and enterprises that have yielded good profits and have strong capacity for development to borrow money from financial markets for their construction projects. To create a new situation for using foreign capital and bringing in capital from other parts of the country, we should, in addition to making every effort to attract foreign and domestic capital, exercise stronger leadership over the use of foreign capital, intensify our efforts in encouraging outside investments, and properly prepare those projects to be financed by foreign capital. VI. Improve the Distribution Order and Balance the Supply and Demand of Major Commodities

To create more prosperous and stable urban and rural markets, we should continue to reform the distribution system, improve the distribution order, and intensify market construction. According to plan, the state will place an order of 1.321 billion kg [kilograms] of grain (the Xinjiang Production and Construction Corps will submit 326 million kg); purchase 70 million kg of vegetable cooking oil, including 60 million kg ordered by contract (15 million kg from the corps); and market 50 million kg of them, including 40 million kg for rationing purpose. During the 1994-1995 production year, the state will purchase 800,000 tonnes of cotton (the production and construction corps will purchase 188,000 tonnes on its own), allot 251,500 tonnes to the region's

textile industry, and export 500,000 tonnes. During the 1995-1996 production year, the region plans to purchase 850,000 tonnes of cotton (the production and construction corps will purchase 197,800 tonnes on its own). Of the 110,000 tonnes of sugar the region's commercial departments have planned to purchase, 85,000 tonnes will be marketed within the region, 25,000 tonnes will be sold outside Xinjiang, and the rest will be allotted to industrial departments for their disposal (to be included in their export quota of 150,000 tonnes). This year, the region plans to sell 3.6 million tonnes of chemical fertilizer (including 1 million tonnes by the production and construction corps), which will be 400,000 tonnes more than that of last year. To stabilize the market, the following projects have to be accomplished this year:

- We must create a market system. According to the principle of "making consolidated plans and devise a rational layout that facilitates production and living," we should speed up building our urban and rural market systems through providing guidance in terms of the necessary policies, giving them support on a selective basis, and raising capital from various sectors. We should give priority to building regional and prefectural wholesale markets of agricultural and sideline products and markets of major capital goods. Meanwhile, cities and towns with the needed resources should make active efforts to develop the markets of major production elements, such as capital, technology, labor services, and information, so that a big, comprehensive, consolidated, and open market can be gradually created.
- We should continue to improve the distribution order and do a good job in purchasing and marketing agricultural and sideline products. We should make sure the capital needed for purchasing agricultural and sideline products is fully in place in a timely fashion, and that no more IOU's are issued. Cotton must be traded, purchased, and allotted collectively. To make sure the state's cotton purchasing and allotment plans can be accomplished, the controls over cotton prices and the cotton market will not be removed.
- We should make continual efforts to balance and coordinate the total supply and demand of major commodities that have a close bearing on the national economy and the people's livelihood. State-owned businesses and supply and marketing cooperatives should play their part as the main avenues in regulating market supply and demand.
- We should make active efforts to promote commodity sales. Efforts should be made to promote ties between urban and rural markets; broaden the rural market; and deliver to rural areas the goods peasants and herdsmen need, and special goods people of ethnic minorities need.

#### VII. Broaden Foreign Trade and Economic Cooperation, and Use Foreign Capital Effectively

To promote trade and economic and technical cooperation with foreign countries, and bring about new development in the use of foreign capital, we will open up wider to the outside world and promote economic ties with foreign countries and other parts of the country, giving full scope to Xinjiang's resources and geographical advantages. According to plan, the region's total imports and exports this year will reach \$1.023 billion, or the same as that of last year. This will include exports of \$600 million, or a growth of 5.2 percent. The amount of foreign capital Xinjiang will use this year will reach \$363 million, a growth of 14.9 percent, and the region's cooperative projects will bring in another \$800 million.

Regarding promoting foreign economic ties and using foreign capital, we should pay special attention to the following projects:

- We should continue to restructure the systems governing foreign exchange and foreign trade, improve the efficiency of existing foreign trade businesses, and authorize well-managed companies and enterprises to have autonomy to handle their foreign trade so that more manufacturers and foreign trade businesses can compete in the international market. While consolidating and expanding our markets in Hong Kong, Macao, Europe, and the United States, we will actively develop our markets in Southeast Asia, west Asia, and the Middle East, and expand our trade partnership with them.
- We should ensure the sources of bulk commodities and speed up building export commodity bases so the production of export goods will be gradually specialized in particular bases. We will continue to readjust the mix of export goods and, while continuing to export traditional raw material-type commodities, expand the export of light industrial goods, textile products, machinery, electrical appliances, chemical goods, and other processed goods that have high added value and yield high foreign exchange returns. We should attach great importance to studying and addressing the problems appearing in the development of regional and border trade, and draw up the necessary measures for ensuring the healthy development of regional and border trade.
- We should expand the size of foreign capital we use and put to good use the loans extended by foreign governments and international banking institutes. We will intensify feasibility studies of projects funded by foreign loans and make follow-up efforts in implementing those projects for which contracts have been signed. We should strengthen the control of foreign debts and gradually establish a system whereby all various departments, local authorities, and enterprises are charged with the responsibility to repay their foreign loans. We should actively establish economic partnerships and cooperation with fraternal provinces, municipalities, and regions in bringing in more capital and technology.

—We should do a good job in opening certain parts of Xinjiang; properly operate the Urumqi Economic and Technological Development Zone and border economic cooperation zone; and improve the functions of land ports, expand their capacity for handling transit goods, and improve their management and services. We should make sure the 1995 Urumqi economic and trade talks are a success.

**VIII. Actively Promote the Development of Science, Technology, Education, and Various Other Social Causes; and Continue To Improve the People's Livelihood**

We must uphold the thinking that science and technology are the primary productive forces, speed up the pace of reforming the management of science and technology, optimize the allocation of scientific and technological resources, and strive to turn scientific and technological achievements into productive forces. We should pool our financial resources and manpower, and use them on feasibility studies of and the first-phase preparations for those programs to be incorporated into the national and regional projects of scientific and technological development during the Ninth Five-Year Plan period.

We must consider giving priority to educational development a strategic matter. With the promotion of nine-year compulsory education as a priority project, we must firmly strengthen our basic education, energetically develop vocational and technical education, continue to restructure and improve higher education, and actively develop adult education and occupational training. According to plan, this year ordinary schools of higher education will admit 9,200 students, ordinary polytechnic secondary schools will admit 20,000 students, and technical schools will admit 12,000 students.

We should actively develop cultural, health, sports, journalism, publishing, radio broadcasting, movie-making, television broadcasting, and other public services to enrich people's cultural lives, improve their physical health, and intensify spiritual construction.

To control excessive population growth, planned parenthood must persist. According to plan, by the end of 1995, the region's total population will be controlled to 16.715 million, and the region's natural population growth rate will be controlled to within 18.2 per thousand.

To continue to improve the people's livelihood, we should make adequate arrangements for job seekers in cities and towns. According to plan, the region will create new jobs for 100,000 people, and peasants' per capita income will exceed 1,000 yuan.

**IX. Continuing To Solve Practical Problems for the Masses as Our Gift To Greet the 40th Anniversary of the Establishment of the Autonomous Region**

This year, the autonomous region will celebrate the 40th anniversary of its establishment. We will make the

improvement of people's production and living conditions and the enhancement of their living standards an important task of planning; and will endeavor to solve problems of supplying drinking water for rural residents and livestock, building public health clinics in townships and towns, and supplying electric power for counties that still have no electricity.

1. We will expedite the pace of improving water in rural areas. Beginning from 1995, a water improvement plan aimed at supplying drinking water for rural residents and livestock will be carried out in three years throughout the region. Under the plan, drinking water will be supplied for 1.25 million people and 2.8 million head of animals in 1995. Of the initial investment of 200 million yuan for this year, we will request 100 million yuan in state subsidies while various prefectures and counties will raise the remaining 100 million yuan.

2. To provide enough medical facilities for peasants and herdsman, we will go all out to develop public health undertakings. This year, we will continue to raise funds through diverse channels for building township and town public health clinics. Of the initial investment of 15 million yuan, we will use 5 million yuan for capital construction, and will endeavor to complete 164 clinics already under construction as well as the renovation and expansion for 136 clinics to ensure that each and every township and town will have its own clinic. Meanwhile, we will actively prepare for the first-phase construction of the South Xinjiang Medical Center in Kashi.

3. We will basically solve the problem of power supply for counties that still have no electricity. By the end of last year, the mains and power transmission lines had been completed for the nine counties recognized by the State Council as having no electricity, thus basically solving the problem of power supply for these counties. This year, we will concentrate efforts to build power transmission lines for Bachu County, and will launch power supply construction for Akqi County in order to solve power supply for these counties.

**X. Strengthening and Improving Macroeconomic Regulation and Control**

We face extremely heavy tasks in reform and development this year. We must resolutely curb inflation while promoting reform in key state-owned enterprises, and consolidating and perfecting various major reform programs to promote healthy economic development. To this end, we will further strengthen and improve macroeconomic regulation and control.

1. We will strengthen overall control over prices.

In the first half of this year, we will, in principle, not approve structural readjustment of prices to ensure price stability in the market. We will intensify the control, supervision, and inspection of prices; strictly enforce the prices of goods directly under state control; further strengthen the supervision and auditing of prices of a few

daily necessities and means of agricultural production for urban and rural residents; and reinforce the system of applying for approval and keeping a record of price increases for major commodities. We will bring into full play the functions of price, and industry and commerce administrative departments in conducting full-time inspection of prices, as well as the role of consumers at large in exercising social supervision, in order to strengthen the supervision and inspection over commodity prices and service charges.

We will further perfect market legislation, standardize market activities, and implement the measures for consolidating circulation order. We will appropriately restrict the export from Xinjiang of some major goods in short supply in the region, whose prices can considerably affect the market, so as to ensure a balanced supply of such goods.

2. We will strengthen overall control over production, procurement, and marketing of grain and edible oil.

To ensure grain production, we will follow the state mandatory plan in arranging the targets for this year's seeded area and total output of grain crops to ensure fulfillment of the plan. In grain procurement, we will resume the 1.312 billion kg fixed quota of state procurement, and take measures to provide appropriate subsidies to grain producers. We will implement mandatory planning and mandatory price controls over the portion of edible oil purchased by the state according to contract, and a fixed portion producers are allowed to market on their own.

3. We will strengthen macroeconomic regulation over major commodities and capital goods.

We will further balance the supply and demand of important goods. We will continue to map out comprehensive plans for balancing the supply and demand of chemical fertilizers, agricultural plastic films, and other important means of agricultural production; and control the supply of some capital goods through instituting a system of placing orders at the regional level. In order to regulate supply and demand and stabilize prices in a timely manner, we will gradually establish and perfect the system of grain risk fund, and of the price regulatory fund for nonstaple foods.

We will expedite the establishment of and perfect the reserve system of major commodities and capital goods. In line with the state requirement for two-level reserve of 15 categories of commodities, we will, beginning from 1995, establish a reserve system for grain, edible vegetable oil, chemical fertilizers, agricultural plastic films, pesticides, and other major commodities and capital goods, so as to store up in fat years to make up for lean ones, regulate supply and demand, support production, and curb inflation.

4. We will strengthen and perfect the overall control over fixed asset investments.

We will further strengthen regulation and supervision over the total volume of investments. We will exercise mandatory planning over the total volume of budgetary investments, credit investments, investments in securities, use of foreign capital, and investments with self-raised funds; and guidance planning over investments by collectives and units. Regardless of mandatory or guidance planning, all investments must be incorporated into and managed under the regional fiscal investment plan.

We will strictly control the authority for approving projects. Except for projects with self-raised funds and the conditions for self-balancing budget, prefectures and cities shall continue to exercise administrative authority for approving local projects on agriculture, forestry, highways, bridges, postal and telecommunications, commerce, storages, market infrastructure, and urban public facilities; as well as science and technology, education, culture, public health, sports, environmental protection, and other social service construction projects. Other productive projects with an investment of 20 million yuan or over shall be approved by the regional planning commission. Projects funded by prefectures (cities) and open cities that are incapable of balancing their construction budgets and are in need of state and regional investment, as well as nonproductive projects that are not under the deregulation scope, shall be reported and approved according to the original procedures.

We will strictly control the scale of housing and real estate development, and readjust the pattern of housing and real estate investment. Housing and real estate investment projects will be incorporated into the regional housing and real estate construction plan; and projects over 10 million yuan shall be approved by the regional planning commission. Investing in commercial housing, construction of new high-grade guesthouses, and office buildings and luxurious resorts will be strictly forbidden. We will control the scale of new projects to maintain a suitable scale of projects under construction. We will reinforce the pre-construction auditing system for improving the examination and management of projects. New projects with 20 million yuan or more investment must be incorporated into the regional fiscal investment plan before the construction can be started.

We will rationally allocate investments in accordance with the principle of unity between the local authority's administrative and financial power. Investment funds under the disposal of the autonomous region shall be focused on agriculture, infrastructure, basic industries, and key public welfare projects that have an important bearing on the regional economy; and prefectures and cities should, on the basis of investment sources, concentrate investments on agriculture, infrastructure, basic industries, and public welfare projects within their administrative areas.

We will further strengthen planned management of self-pooled investments in fixed assets; and strictly forbid the expansion of the scope of self-pooled investments

through making payments in arrears, raising funds and collecting fees without approval, obtaining loans in violation of regulations, and diverting working funds. We will exercise strict supervision over bonds; as well as key construction and technical transformation projects funded by local enterprises with bonds, which will soon be completed and put into operation, and have the capability for repayments.

We will set up a registration system for projects. Beginning from 1995, projects over 5 million yuan examined and approved by prefectures and cities shall be reported to the regional planning commission for the record. The regional authority has the right to veto projects that are incompatible with the state industrial policy.

We will strengthen the examination of project designs, improve design quality, strictly control design standards, and lower the cost of construction. We will further increase the awareness of quality, ensure quality supervision and control, and raise the quality of construction.

5. We will strengthen and regulate the management of foreign-funded projects.

We will implement planned management of foreign loans regardless of the amount and incorporate all of them into the regional plan for utilizing foreign capital in accordance with state requirements. While actively encouraging the use of foreign capital as much as possible, we will further strengthen the guidance and combine the utilization of foreign capital with the readjustment of industrial structure and product mix in the region. In attracting foreign business investments and utilizing foreign loans, we will focus attention on productive, export-oriented, and technologically advanced enterprises; on projects in agriculture, energy, transport, the petrochemical industry, posts and telecommunications, and other basic industries; and on technical transformation of old enterprises.

While stepping up the effort to use foreign capital, we will also establish and strictly enforce a system of keeping records of foreign-funded projects. Foreign-funded projects with more than \$5 million in total investment approved by prefectures and cities shall be reported to the regional planning commission for the record. The regional planning commission will go all out to support projects that are in line with the state industrial policy and can help accelerate the healthy development of Xinjiang's economy; and will veto projects that are contrary to such requirements.

#### **XI. Ensure Success in Drafting the Ninth Five-Year Plan**

Studying and drafting Xinjiang's Ninth Five-Year Plan and program until 2010 is an important matter having overall interest for regional development. We will make the drafting of the Ninth Five-Year Plan an important task of this year by conscientiously summarizing the basic experiences of economic development in the past 15 years; by comprehensively analyzing the present

situation, trend, favorable and unfavorable factors for Xinjiang's economic and social development, and the opportunities and challenges brought about by changes in the domestic and international environments; and by conducting an in-depth study of a series of major issues, thereby basically completing the drafting. On the basis of making the draft program more consistent with the state plan and after extensively soliciting opinions from various circles, we will strive to complete an outline of the program (draft) before August this year and give it to the regional people's congress for deliberation in a timely manner.

Fellow deputies, the autonomous region faces extremely heavy and formidable tasks in reform and development this year. However, we are convinced that under the regional party committee's correct leadership and supervision of people's congresses at all levels, and by mobilizing people of all nationalities in Xinjiang to heighten spirits, forge ahead, and work hard, we will certainly be able to fulfill this year's regional economic and social development plan in all fields and to promote a sustained, rapid, healthy development of the regional economy.

#### **Report on 1994 Xinjiang Budget Execution**

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["Report on the Execution of the 1994 Financial Budget and on the 1995 Draft Financial Budget of the Xinjiang Uygur Autonomous Region"—delivered by Gong Jiniu, director of the Xinjiang Regional Finance Department, at the Third Session of the Eighth Xinjiang Autonomous Regional People's Congress, on 18 February 1995]

[FBIS Translated Text] Fellow Deputies:

Entrusted by the Xinjiang Autonomous Regional People's Government, I now deliver for examination by this session a report on the execution of the 1994 financial budget and on the 1995 draft financial budget of the Xinjiang Autonomous Region.

#### **I. Estimated Execution of the Autonomous Region's Financial Revenues and Expenditures for 1994**

In 1994, following the guidelines of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, Xinjiang's people of all nationalities earnestly implemented the party Central Committee and State Council's important policies on economic work and the decisions made by the Second Session of the Eighth Xinjiang Autonomous Regional People's Congress. As a result, all reform measures were smoothly carried out, and they gradually yielded results; new progress was made in opening up to the outside world; and the economy and other undertakings developed in a healthy manner. In 1994, major breakthroughs were made in reforming the financial and taxation systems; all localities and departments vigorously promoted the tax-sharing system and

the new taxation system. At the same time, every effort was made to increase revenues and to reduce expenditures; as a result, financial revenues increased steadily. While there was an acute shortage of funds, we managed to ensure the supply of funds for the wages of administrative units and institutions, for maintaining the regular operations of government organs, and for production and construction needs, thus assuring social stability. Execution of the financial budget was basically good.

#### 1. The Region's Financial Revenues and Expenditures Calculated in Advance

Xinjiang's budgeted financial revenues and expenditures for 1994, as approved by the Second Session of Eighth Regional People's Congress in February 1994, were 2.448 billion yuan and 6.615 billion yuan, respectively. While the budget was being executed, the central authorities appropriated a special fund of 1.03 billion yuan for Xinjiang; therefore, the region's budgeted financial expenditures were adjusted to 7.645 billion yuan.

The financial revenues executed in 1994 are estimated at 2.7 billion yuan—252 million yuan more than, or 110.31 percent of, the amount budgeted in early 1994. This represents an increase of 453 million yuan, or 20.14 percent, over the previous year. Industrial and commercial tax revenues executed are estimated at 211 million yuan—102.23 percent of the budgeted amount; or an increase of 412 million yuan, or 24.25 percent, over the year before. The executed agricultural tax revenues of five categories are estimated at 303 million yuan—142.8 percent of the budgeted amount; or an increase of 119 million yuan, or 64.55 percent, over the previous year. The main reason for these increases was the increase in the prices of grain subject to taxes and the adjusting of tax rates. The executed income taxes from state-owned enterprises are estimated at 304 million yuan—74.46 percent of the budgeted amount, or 17.07 percent less than the year before.

Financial expenditures executed last year are estimated at 7.354 billion yuan—96.19 percent of the adjusted budget; or 679 million yuan, or 10.49 percent, more than the previous year, which was lower than the growth in financial revenues. The major expenditure figures are: Executed capital construction expenditures are estimated at 500 million yuan—91.69 percent of the adjusted budget, or 20.51 percent less than the previous year. Actual funds for tapping enterprises' potentials and for enterprises' technological transformation are estimated at 185 million yuan—177.2 percent of the budgeted amount, or 6.37 percent more than the year before. Actual expenditures for supporting rural production work are estimated at 310 million yuan—109.97 percent of the budgeted amount, or 0.89 percent more than the previous year. Actual expenditures of agricultural, forestry, water, gas, and other departments are estimated at 460 million yuan—100.17 percent of the budgeted amount, or 25.22 percent more than the year before. Actual expenditures for cultural, educational, and public

health purposes are estimated at 2.353 billion yuan—94.17 percent of the budgeted amount; or 568 million yuan, or 31.81 percent, more than the year before. Of the 2.353 billion yuan, expenditures for educational purposes are estimated at 1.46 billion yuan—94.63 percent of the budgeted amount; or 385 million yuan, or 35.87 percent, more than the previous year. Actual expenditures for administrative management are estimated at 1.3 billion yuan—95 percent of the budgeted amount; or 290 million yuan, or 28.72 percent, more than the year before. Actual expenditures for public security, procuratorial, and judicial organs are estimated at 448 million yuan—94.51 percent of the budgeted amount; or 103 million yuan, or 29.97 percent, more than the year before. Actual expenditures for price subsidies are estimated at 389 million yuan—62.94 percent of the budgeted amount; or 26 million yuan, or 6.36 percent, less than the previous year.

Last year, the strain of transferring budgetary funds at all levels made it impossible to allocate and deliver some special funds on time; personnel expenses cut down the capital construction expenditure and led to a fairly big drop from the previous year; and price subsidies were considerably short of budgetary allocations. Nevertheless, the increase in expenditures for administrative undertakings and judicial and procuratorial organs was bigger than the overall increase of total expenditures. This was mainly caused by wage increases resulting from wage reform and the increase in the number of personnel under normal circumstances.

The balance between revenues and expenditures for 1994 is estimated as follows: total revenues will be 7.604 billion yuan (including subsidies and refunds of tax revenues from the central government); expenditures during the year will amount to 7.354 billion yuan, in addition to 14 million yuan expenditures delivered to the central government; thus, accumulated surplus at year-end will be 0.236 billion yuan. However, a total of 1.736 billion yuan expenditures carried forward to 1995 will offset the accumulated surplus and result in a deficit of 1.5 billion yuan (0.8 billion yuan deficit for the previous year and 0.7 billion yuan new deficit for the current year).

#### 2. Estimated financial revenues and expenditures at the autonomous regional level in 1994:

Budgetary revenues at the autonomous regional level for 1994 approved by the Second Session of the Eighth Autonomous Regional People's Congress were minus 2 million yuan, and budgetary expenditures were to amount to 1.631 billion yuan. Due to difficulties in delivering special funds from the central and regional governments to local governments, budgetary expenditures were readjusted as 2.732 billion yuan.

Financial revenues at the autonomous regional level in 1994 are estimated at 26 million yuan and, calculated in terms of comparable figures, will be 54 million yuan short of the fiscal budget and 49 million yuan or 65.38

percent less than the previous year's revenues. This has been caused mainly by the amount of industrial and commercial taxes (resource tax and land-use tax) retained by the autonomous region and the collection of enterprise income taxes, which were short of the target at the autonomous regional level.

Financial expenditures at the autonomous regional level in 1994 are estimated at 1.9 billion yuan, or 69.55 percent of the adjusted budget, and up 105 million yuan or 5.87 percent from the previous year. The breakdown of major items of expenditure is as follows: expenses for capital construction, 205 million yuan, or 53.93 percent of the budgeted amount and a decrease of 30.2 percent from the previous year; funds for tapping the potential of enterprises, 44 million yuan, or 88.33 percent of the budgeted amount and a decrease of 3.9 percent; funds for supporting agricultural production, 51 million yuan, or 78.91 percent of the budgeted amount and an increase of 0.96 percent; expenses for cultural, educational, and public health undertakings, 400 million yuan, or 97.69 percent of the budgeted amount and an increase of 26.61 percent and including 192 million yuan for educational undertakings, or 100.56 percent of the budgeted amount and an increase of 35.66 percent; administrative expenses, 182 million yuan, or 102.22 percent of the budgeted amount and an increase of 32.26 percent; expenses for judicial and procuratorial organs, 113 million yuan, or 89.52 percent of the budgeted amount and an increase of 12.57 percent; and subsidies to compensate for price rises, 322 million yuan, or 40.23 percent of the budgeted amount and an increase of 1.1 percent. The increases in financial expenditures reflected mainly the growth in wage adjustments and personnel expenses.

The execution of the 1994 revenues and expenditures at the autonomous regional level is estimated as follows: total revenues (including subsidies and refunds of tax revenues from the central government) will be 5.899 billion yuan; total expenditures (including expenditures for various localities and refunds of local tax revenues) will be 5.363 billion yuan; accumulated surplus will be 536 million yuan. However, a total of 918 million yuan in expenditures carried forward to the next year will offset the accumulated surplus and result in a deficit of 382 million yuan (12-million-yuan deficit for the previous year and a new deficit of 370 million for the current year).

To fulfill the autonomous region's fiscal and budgetary tasks in 1994 and to ensure the smooth transition from the old to the new financial and taxation system, all localities and departments did a tremendous job in further strengthening leadership over financial and taxation work, overcoming mounting difficulties, and relentlessly implementing various measures for increasing revenues and cutting back expenditures.

(1) We actively supported the sustained development of production and progress of construction. Despite extreme difficulties in fund transfers, the financial

departments at various levels actively prepared funds for rural production and construction, maintained a steady investment in agriculture and animal husbandry, helped step up comprehensive agricultural development, and supported some peasants and herdsmen in becoming well-off. The financial departments also supported in a selective way the construction of agricultural infrastructure, the efforts to combat natural disasters and provide disaster relief, advancement of agriculture through the application of science and technology and promotion of education, the "vegetable basket" project, and the development of rural secondary and tertiary industries undertaken mainly by village and town enterprises. By raising funds through various channels, we assisted large and medium state-owned enterprises in technological transformation and in changing operational mechanisms and turning from deficits to profits. We appraised the fixed assets and circulating funds of enterprises, formulated and put into effect a series of measures and procedures for preventing the loss of state property and for maintaining and increasing its value, and in this way, we have paved the way for deepening enterprise reform and establishing a modern enterprise system. We took a further step to support the development of county-level economies and thus increased the sources of county-level revenues. With the World Bank loans, the construction of the Tarim irrigation, drainage, and environmental protection projects is proceeding smoothly, and the projects to improve Xinjiang's transport and other infrastructure and to promote basic education in poor regions will begin soon.

(2) We actively promoted the reform of the fiscal and taxation system and supported the smooth proceeding of relevant economic reforms. In accordance with the State Council's decision on practicing the tax assignment system, we formulated and implemented the autonomous regional plans for practicing the tax assignment system and for setting up separate taxation organs. In the meantime, we promoted the reform of the taxation system, constantly corrected problems during the course of practicing the new taxation system, achieved a smooth transition from the old to the new system, and basically attained the desired objective. At the same time, we took part in the reform of the grain circulation system. We actively supported the reforms of the wage system, the commodity price management system, the social security system, and the housing system.

(3) We paid great attention to the management of revenues. Since last year, the financial and taxation departments at all levels in Xinjiang have constantly tapped their revenue potential, seriously implemented the "Tax Collection and Management Law," and stopped and corrected unauthorized tax deductions and exemptions and certain contractual tax payments, made greater efforts to monitor major sources of revenue, and seriously investigated and punished organizations and individuals who have engaged in tax evasion or refused to pay taxes. In addition, we took effective measures to collect taxes in arrears, fulfilled the value-added tax and

quota for increasing the consumption tax assigned by the central authorities to this region, and overfulfilled the revenue plan. We took a further step to improve the management of extra-budgetary funds and the income of administrative organizations and institutions. We made noticeable achievements in collecting a special consumption surtax and effectively supported the Xinjiang University in implementing "Project 211" [a key state project to establish about 100 major institutions of higher learning and key research centers in the 21st century].

(4) We ensured funds for major expenditures and strictly controlled the scale of spending. We guaranteed funds for wages of administrative organizations and organizations by adhering to the principle of ensuring wages, normal organizational operations, and social stability and by urging the rational allocation and transfer of funds and setting up special "wage fund" accounts; we guaranteed funds for the normal operations of party and government organizations, institutions, and the public security and procuratorial departments and courts; and in this way we have ensured social stability. In the meantime, we guaranteed funds for combating natural disasters, providing relief, preventing and treating diseases, and major budget expenditures. The financial departments at various levels adopted measures to cut down on expenditures, strictly controlled the increase of T/O [table of organization] personnel, kept meeting expenses and per diem under control, reduced institutional purchases, and thus played a positive role in easing financial difficulties.

(5) Enhance and raise the level of financial management. All levels of financial departments are required to effectively step up budget and finance management and ensure smooth budget execution. They continued with the depth implementation of the "General Principles of Enterprise Finance," the "Enterprise Accounting Standards," and the sector-by-sector accounting systems; they continued to perfect the work of converging the old accounting system with the new one; stepped up training financial and accounting personnel; promoted accounting computerization; conducted a sweeping consolidation of accounting offices; improved on management methods for working funds; enhanced management over major expenses; strengthened financial supervision; launched major drives to check on tax collection; were actively involved in the work of cracking down on the illegal collection of fees, fines, and other charges; greatly promoted the trend of carrying out investigations and research and improving on financial management; and brought about a gradual rise in the financial management level through enhancing basic work.

In 1994, the autonomous region achieved certain results in the area of financial work, thanks to the importance attached to financial work by all levels of party and government leaders, to the concern shown and support given by various social circles, and to the hard work done by the region's financial and taxation cadres. Despite

progress, there remained many difficulties and problems. The main problems were: enterprise efficiency was not high; the number and amount of losses suffered by state-owned industrial enterprises kept on increasing and expanding; tax arrears were serious; tax evasion was common; waste and extravagance in expenses was rather serious; financial gaps kept on growing; with a weak revenue base and a large expense base, the increased amount of revenue was far from catching up with that of the administrative units' "rigid" expenses; because of the gaps left in the budget, units and organizations failed to settle their bills, many units' water and heating systems and other facilities were in a dilapidated state, some travel and medical expenses could not be reported for reimbursement in a timely manner, thus causing problems; deficit spending kept on increasing; and various levels of financial departments experienced a gradual worsening of financial difficulties and they increasingly faced difficulties allocating funds. Financial problems have become the "hot" and "difficult" issues in economic life.

## II. Draft 1995 Financial Budget

In 1995, the autonomous region will, in its financial work, comprehensively implement the guidelines set forth at the economic working conference of the autonomous regional CPC committee and at the national financial working conference; treat the curbing of inflation and control of price rises as the central task; greatly support agricultural production and rural economic development; strive to increase financial sources through developing production and raising economic effects; step up legislation work and adhere to the principle of finance and tax-collection management according to law to ensure the autonomous region's stable revenue growth; enforce a tight fiscal policy and strive to tap potentials for revenue-increase and expense-reduction; actively become involved in state-owned enterprise reform and other related reforms; and bring about the development of the economic construction and other undertakings in the region.

The compilation of the 1995 budget was made more difficult because of a further intensification of the contradictions in the supply and demand of funds in the region. According to the "Budget Law" which is now in force, starting this year local governments are not allowed to compile deficit budgets. But judging from the actual financial strength of the autonomous region and from the expense demand in the region in 1995, it is difficult to strike a revenue and expense balance when arranging the financial budget; differences will remain after attempting to balance budget revenues and expenses. We will constantly keep the central government informed of this difference and ask the central government to make up the difference. But it is also necessary for us to adopt emergency measures to effectively increase revenues and cut down expenses and to gradually reduce some differences in the course of executing the budget.

(1) The region's plans for revenues and expenditures in 1995

1. The region's revenue plan

The region's revenues in 1995 are expected to reach 3.108 billion yuan which, when calculated in terms of comparable items, is 300 million yuan, or 11.11 percent, higher than that of the preceding year. This growth rate is slightly higher than the planned 11 percent growth of the region's GNP. The main sources of revenues are:

1) Revenues from business tax: 2.415 billion yuan, an increase of 305 million yuan, or 14.45 percent, over the 1994 estimate.

2) Agricultural taxes: 320 million yuan, an increase of 17 million yuan, or 5.7 percent, over the 1994 estimate.

3) Business income tax: 372 million yuan, an increase of 68 million yuan, or 22.44 percent, over the 1994 estimate.

4) Subsidies for state enterprises' losses will reach 154 million yuan which, after allowing for the factor of turning part of the losses into expenditures, will be 15 million yuan, or 6.53 percent, higher than the preceding year.

2. The autonomous region plans to spend 7.6 billion yuan (not including special subsidies from the central government) in 1995. Calculated in terms of comparable items, expenditures will be 873 million yuan, or 9.22 percent higher, than what was budgeted in early 1994. The major expenditures will be:

1) Capital construction: 400 million yuan, the same as the 1994 budget.

2) Subsidies for rural production: 237 million yuan, an increase of 9.22 percent over that budgeted in early 1994 (same below).

3) Operation expenses for cultural, educational, and public health services: 2.84 billion, an increase of 15.64 percent over that of 1994. Of this amount, 1.8 billion yuan, or an increase of 17.34 percent, will be spent on education.

4) Administrative expenses: 1.575 billion yuan, an increase of 17.10 percent over 1994.

5) Law enforcement expenses: 525 million yuan, an increase of 16.41 percent over 1994.

6) Price subsidies: 210 million yuan. The same as 1994 when the same items are compared.

7) Total preliminary expenses: 80 million yuan.

3. Estimates on the region's balance of payment in 1995

The total financial resources (revenues, central government's subsidies, tax refunds, etc.) the autonomous region can use in 1995 will be 6.709 billion yuan, but the region's expenditures in 1995 will be 7.614 billion yuan,

including the 7.6 billion yuan expenditures and the 14 million yuan to be delivered to the central government. This shows there will be a deficit of 905 million yuan. When this deficit is added to the 1.5 billion yuan deficits accumulated in the previous years, the autonomous region's total deficits will exceed 2.4 billion yuan.

(2) The 1995 Plan for the Regional Government's Revenues and Expenditures

1. The Revenue Plan

The regional government's revenues in 1995 will be 115 million yuan. Calculated in terms of comparable items, the amount will be 30 million yuan, or 28.82 percent, higher than that of 1994. The main sources of income are:

1) Business tax: 71 million yuan, which is mainly made up by resource taxes and land taxes the regional and local governments share (49 million yuan of resource tax and 22 million yuan of land tax). This will be 45 million yuan less than that of 1994, or a decline of 38.70 percent; but 12 million yuan, or 19.49 percent, higher than the 1994 estimate.

2) Income tax paid by state enterprises: 140 million yuan, which is 10 million yuan, or 7.83 percent, higher than it was planned early last year; and 60 million yuan, or 75 percent, higher than it was estimated in 1994 (the factor of increasing incomes as a result of liquidating debts has been taken into consideration).

3) Subsidies for state enterprises' anticipated losses: 95 million yuan. This is somewhat higher than last year's because of wage increases and additional expenditures incurred by administrative trade companies, newspapers, and publishing houses.

2. Expenditure plan

The regional government's 1995 expenditures will be 2.14 billion yuan, an increase of 361 million yuan, or 20.3 percent, higher than the budget drawn up early last year. The main expenditures are:

1) Capital construction projects: 390 million yuan, the same as the budget drawn up early last year (same below).

2) Funds for enterprises' renovation projects for tapping potential: 53 million yuan, the same as 1994.

3) Expenses for erecting simple buildings, conducting geological surveys, and scientific and technological research: 42 million yuan, the same as 1994.

4) Support for rural production: 119 million yuan, or 10.2 percent higher than 1994.

5) Operation expenses for departments in charge of agriculture, forestry, water conservancy, and coal gas supply: 150 million yuan, an increase of 36.74 percent over 1994.

6) Operation expenses for industrial and communications departments: 63 million yuan, an increase of 32.43 percent.

7) Operation expenses for commercial departments: 12 million yuan, an increase of 28.41 percent.

8) Operation expenses for cultural, educational, and public health departments: 408 million yuan, an increase of 55.68 percent over 1994. Of this amount, operation expenses for education will account for 218 million yuan, an increase of 55.68 percent over 1994.

9) Operation expenses for scientific development: 48 million yuan, an increase of 42.31 percent over 1994.

10) Operation expenses for various other departments: 194 million yuan, an increase of 38.93 percent.

11) Welfare and relief expenses: 10 million yuan, an increase of 70.63 percent.

12) Administrative expenses: 126 million yuan, an increase of 66.75 percent.

13) Law enforcement expenses: 118 million yuan, an increase of 30.3 percent.

14) Price subsidies: 141 million yuan, the same as 1994.

15) Preliminary expenses: 40 million yuan.

The region's additional budget of 361 million yuan in 1995 will primarily be spent on pay increases; wages and higher allowances and subsidies for additional personnel; subsidies for higher prices of utilities and coal paid by universities and colleges; higher allowances for financially hard-pressed students; repaying the principals and interests of loans borrowed from the World Bank; loans for paying the wages of workers of hard-pressed enterprises; and other expenses.

3. Estimates for the regional government's balance of payment in 1995:

The regional government's total financial resources in 1995 (including subsidies from the central government, tax refunds, etc.) will reach 4.374 billion yuan. The regional government's total expenditures in 1995 (including subsidies for various local authorities) will be 4.837 million yuan, meaning that there will be a deficit of 463 million yuan. The aggregates of this deficit and the deficits of 382 million yuan incurred in previous years will reach 845 million yuan.

The region's 1995 revenue and expenditure budgets show that the revenue budget was quite positively made, as shown in the relatively high growth of business taxes and business income taxes. The expenditures were budgeted on the basis of the budget drawn up in early 1994, adding to it the additional expenses needed for wage increases, for hiring additional people, and for public services. While there are other projects that urgently need money, no expenses have been budgeted for them owing to the relatively large deficits. For those essential

expenditures requested by various quarters, only some of them will be taken care of in accordance with the availability of resources during the execution of the budget.

Xinjiang's financial situation in 1995 has become even grimmer. Because of the relatively large difference between revenues and expenditures, as well as the fact that large amounts of special funds have been used for paying workers' wages over the years, the allotment of financial resources will be very tight. It is likely that some areas will not be able to pay their personnel on time this year, and special funds will not be appropriated on time. All areas and departments must be mentally prepared for this and be ready to tighten their belts.

### III. Strive To Fulfill the Autonomous Region's 1995 Fiscal and Budgetary Tasks in Close Conjunction With the Efforts To Curb Inflation and To Increase Revenues and Cut Back Expenditures

To successfully fulfill the 1995 fiscal and budgetary tasks, ensure social and political stability, push forward the development of the regional economy and work in all fields, and to deepen reform in Xinjiang and open up the region wider, we must firmly implement the guidelines of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and regional party committee's economic work conference; correctly handle the relationship among reform, development, and stability; and pay close attention to work in the following aspects in conjunction with efforts to curb inflation:

(1) We will continue to energetically support agricultural and animal husbandry production and work hard to invigorate large and medium state-owned enterprises. We will resolutely implement state and autonomous regional principles and policies concerning rural work; and attach great importance to and support agricultural and animal husbandry production. We will effectively manage and use agricultural production means, appropriately increase input into agriculture on the basis of available financial resources, and adopt measures to ensure that special funds of the state and autonomous regions for supporting agriculture are used on agriculture. To ensure prompt delivery of budgetary funds for supporting agriculture, the regional finance department, in allocating funds to lower levels, will clearly specify the amount to be used for agriculture. We will attach great importance to and support grain production and the "vegetable basket" project, intensify the construction of farmland irrigation facilities, and do well in developing poor areas.

State-owned enterprises, large and medium state-owned enterprises in particular, are the mainstay of the socialist economy. At present, however, many state-owned enterprises, including some large and medium enterprises, are in financial straits. Therefore, we must deepen the reform of enterprises, strengthen their internal management, work relentlessly to stop deficits and to increase

enterprises' profits, intensify their technological transformation, upgrade their technology in all fields, strive to raise economic efficiency, and earnestly carry out the pilot project on the modern enterprise system, thereby further invigorating large and medium enterprises. Currently, we must adopt measures to help workers of deficit-ridden enterprises solve practical problems and to ensure the stability of the contingent of workers. We will also attach importance to building the infrastructure of border ports and to expanding foreign trade. All localities should explore ways for increasing financial revenues in the light of local realities, step up efforts to set up a system for tapping local financial resources, broaden the sources of revenue, and work hard to alleviate financial straits.

(2) We will strengthen the collection and management of taxes to ensure steady growth of financial revenues. Party and government leaders at all levels and enterprise directors should strengthen their concept of taxation, obtain a clear understanding that tax revenues are the foundation of treasuries, more conscientiously implement the new taxation system, and raise all people's awareness to pay taxes. This year, except for cases consistent with the provisions of the tax laws, no new tax reductions and exemptions will be granted; and no new preferential policies for tax reduction and exemption will be introduced. We will duly investigate and handle cases of stealing, evading, swindling, and resisting paying taxes. All fiscal revenues must be delivered in full to the state treasury; and the practice of an unauthorized "small treasury" is absolutely prohibited. We will continue to take measures to effectively strengthen the collection and management of tax revenues, paying particular attention to clearing tax arrears and to checking and collecting value-added and consumer taxes; and will resolutely correct the erroneous practices of delaying tax collection and lowering tax rates for advanced collection. We will help national taxation bureaus at all levels ensure taxes are collected and managed efficiently. Local tax bureaus at all levels should, under the leadership of local governments, improve the collection and management of local taxes, especially such tax categories as individual income tax, investment orientation regulatory tax, and industrial and commercial taxes of small businesses; and appropriately readjust the relatively low tax rates for industrial and commercial taxes of small businesses in accordance with policies and regulations. The five taxes on agriculture shall be collected in full and on time pursuant to the policies. The ability to fulfill taxation tasks should be an important criterion for evaluating the political performance of local party and government leaders at all levels and enterprise directors. The people from top to bottom throughout the region should make a concerted effort to ensure the collection of various taxes and other revenues in full and on time for the state treasury.

(3) We will implement a stringent financial policy, control the excessive growth of consumption funds, and curb inflation. All localities and departments should

conscientiously implement the central and autonomous regional governments' anti-inflation measures and strictly control expenditures for wages and institutional consumption. We will firmly implement measures for cutting back expenditures adopted by the regional party committee's economic work conference and the regional financial work conference. We will strictly control the scale of capital construction and nonproductive construction; and suspend the construction of luxurious office buildings, auditoriums, and guesthouses. We will check and rectify unauthorized increases of wages, allowances, and subsidies in the name of wage reform. We will adopt extraordinary measures to control expenditures.

In conjunction with institutional reform, we will pay close attention to controlling the size of personnel, conscientiously screen interim organizations, strictly control the upgrading of institutions, and suspend the establishment of new internal organizations. We will intensify supervision over the authorized size and use of sedans, and reinforce the regulations on suspending the use of some sedans. This year, treasuries at all levels will, in principle, not allocate funds for purchasing sedans; administrative institutions at all levels will not be allowed buy new sedans, except for middle- and low-grade domestic cars for replacing the old ones; and enterprises suffering from nonpolicy-related losses or in arrears of workers' wages will not be allowed to purchase new sedans. We will control expenditures for meetings. Except for celebrations on the 40th anniversary of the establishment of the autonomous region and the Urumqi Trade Fair, all "festivals" and meaningless "business negotiation conferences" will be suspended. We will strictly control official business trips abroad; intensify the supervision of telephone calls at public expense; and firmly crack down on parties using public funds and other extravagant and wasteful practices.

(4) We will go all out to publicize and implement the "budget law" in light of realities; and step up the effort to enact laws and to exercise financial supervision. All localities and departments should clearly delineate budgetary authority in line with the stipulations in the "budget law," and strengthen the supervision over total budget at each level and over unit budgets. We will conscientiously implement the regulations concerning revenue-sharing in financial management, and strictly enforce the principle of "holding each level responsible for its financial management." In view of the current financial straits, we will rationally transfer funds to ensure key expenditures. We will, first of all, guarantee wages for personnel. To this end, we will stick to the method of depositing wages under a special account. Regardless of financial difficulties, treasuries at all levels must ensure wages for personnel of administrative institutions, especially for teachers and retirees. It is necessary to explore new ideas for solving the problem of wages. Extrabudgetary funds of administrative institutions and incomes from economic entities run by institutions and units should be partially diverted to wages of personnel. Second, we will do everything possible to

ensure expenditures for supporting agriculture, resisting natural disasters, delivering disaster relief, and preventing and controlling diseases; as well as for judicial and procuratorial work, education, and public health. We will also try to allocate as much budgetary funds as possible for a number of key production and construction projects. A "unanimous decision" after collective discussion is needed for the allocation of funds for other necessary expenditures in all localities and departments.

We will further strengthen the management of extrabudgetary funds, as well as incomes of economic entities run by institutions and units. We will conscientiously conduct the general inspection of accounting, tax collection, and prices; and financial supervision and inspection. We will pay close attention to absorbing deficits and debts of grain enterprises. We will improve the management of state-owned assets, stop their losses and loopholes, and maintain and increase their value. We will encourage the initiative of all circles of society and all departments and units to increase revenues and cut expenditures, a task in which leading organs and cadres at all levels, in particular, should set a good example. We will foster an overall concept, enhance the awareness of laws, strive to tap the potential for increasing revenues and cutting expenditures, and overcome all difficulties to jointly tide over financial straits.

Fellow deputies, the current financial difficulty has gradually become a hot issue of concern among various sectors of society. While paying keen attention to the existence of problems, we should also realize the favorable conditions for doing a good job in the financial work of 1995. At present, the political and economic situation is generally good. The regional economy and all social undertakings have maintained stable and sustained growth momentum; basic industries and infrastructure construction have been continuously strengthened; a number of infrastructure projects have been completed and put into operation according to schedule; the construction of the double-tracking Lanzhou-Xinjiang Railway has been completed; the Xian-Lanzhou-Urumqi optical cable lines have been put into operation; and various major reform programs will be launched successively. All of these will play a positive role in promoting regional economic development and alleviating financial difficulties. So long as we really unify thinking, face squarely up to realities and difficulties, heighten spirits, enhance confidence, and bring into play the spirit of hard work and self-reliance; and so long as we, under the correct leadership of the regional party committee and supervision of people's congresses at various levels in Xinjiang, closely rely on the support of the people of all nationalities in the region and of all departments, we will certainly be able to complete the 1995 autonomous regional fiscal and budgetary tasks.

### Article Views Jiang Zemin's Taiwan Speech

OW0604173695 Beijing XINHUA Domestic Service in Chinese 1354 GMT 6 Apr 95

[Article by Yu Keli (0151 0344 4409) and Zhu Weidong (2612 5898 2639): "Cross-Strait Political Consultations Should Be Held As Early As Possible—What We Have Learned From Studying General Secretary Jiang Zemin's Important Speech on the Taiwan Issue"]

[FBIS Translated Text] Beijing, 6 Apr (XINHUA)—In the important speech which he gave on the eve of the Spring Festival, General Secretary Jiang Zemin, in view of the new situation and characteristics noted in Taiwan as well as in the development of mainland-Taiwan relations, put forward a "solemn proposal" in connection with carrying out political consultations between the two sides of the Taiwan Strait. Not only has his proposal created a new turning point for breaking the current political dilemma between the two sides, and therefore has very strong immediate significance, but it will also have far-reaching historical impact on China's peaceful reunification and on the development of cross-strait relations. It is hoped that the Taiwan authorities will—proceeding from the needs of socioeconomic development between the two sides as well as from the strategic need of the Chinese nation's all-round revitalization during the next, upcoming century—respond positively so that cross-strait political consultations can be held as early as possible.

1. General Secretary Jiang exhorted in the third proposition of his historic message that the two sides may first talk and reach an agreement "on formally ending the state of hostility between the two sides on the premise of one China." As for the name, location, and form of the political negotiations, a solution acceptable to the two sides will be found. This is a very creative new proposal which fully reflects the pragmatic spirit and broadmindedness of the CPC and the Chinese Government and is totally in the fundamental interests of the state and the nation. It is an important measure for breaking the dilemma of cross-strait relations.

(1) This proposal considers the objective need of all-round revitalization of the Chinese nation in the 21st century. Peace and development will continue to be the trend of the 21st century. All countries in the world today are intensifying their efforts to increase their combined national strength and are expediting their economic development so that they can usher in a new century full of opportunities and challenges. The mainland and Taiwan, while only a short distance away, are poles apart and have been separated for a long time. This is a misfortune of the country and the nation which Chinese people on the two sides do not want to see. As the Chinese nation has experienced many vicissitudes of life and gone through all kinds of hardships, this is the time for accomplishing the great cause of the reunification of the motherland and achieving all-round revitalization. Thus, authorities of the two sides should place

the interests of the country and the nation above everything else and come to the negotiating table as quickly as possible so that the process of unification through peaceful negotiations can be expedited. This is the only choice which we offsprings of Emperors Yan and Huang can make under the new international situation because, as the saying goes: "Even when brothers fight at home, they will work together to resist outside aggression."

(2) Political consultations between the two sides are the only way to settle cross-strait differences and achieve peaceful national reunification. While in recent years the Association for Relations Across the Taiwan Strait [ARATS] and the Straits Exchange Foundation [SEF] have had many nongovernmental consultations on specific issues deriving from cross-strait exchange and contacts and the results that have been achieved have played a positive part in promoting mutual understanding, eliminating suspicion, settling differences, and establishing mutual trust, we cannot help seeing that, because of the current political dilemma caused by each other's insistence and anticipations, what ARATS and SEF can do are nothing more than negotiate on specific issues and functions. To address issues once and for all, the two sides must upgrade the negotiations' political level and broaden the substance of the topics of discussion, because issues between the two sides cannot possibly be resolved in the long run without high-level political consultations between the two sides.

(3) The proposal of "formally ending the state of hostility between the two sides" is the prerequisite for ensuring a peaceful, steady, and healthy development of relations between the two sides. Despite the gratifying changes noted in the relations between the two sides in recent years and cross-strait exchanges are also improving, the mentality of hostility has yet to stop and disappear, and its shadow is still engulfing the minds of people on the two sides owing to the longstanding state of hostility between the two sides. In recent years, the garrison troops on Jinmen [Kinmen] often fire shells at fishermen along coastal Fujian. This has directly affected and handicapped the healthy development of cross-strait relations, and so the relations between the two sides are still fragile and uncertain. This was why General Secretary Jiang Zemin proposed in his speech that the two sides may negotiate first and reach an agreement on formally ending the state of hostility between the two sides. Not only is this suggestion practical in terms of logical priorities, but it also upholds the major premise of maintaining the peaceful and steady development of cross-strait relations, and so it will have major, positive effects on ensuring the healthy development of economic cooperation and trade between the two sides and removing the psychological barriers in people's contacts.

2. Focusing on the issue of cross-strait political talks, General Secretary Jiang Zemin advanced many innovative propositions and proposals by further expounding the quintessence of Comrade Deng Xiaoping's ideas of

"peaceful reunification and one country, two systems." These propositions and proposals mainly consist of the following four points:

(1) Upholding the one-China principle is the basis and prerequisite for cross-strait political talks.

In his speech, General Secretary Jiang Zemin reiterated the one-China principle, stressing the need for both sides of the Taiwan Strait to jointly safeguard national sovereignty and territorial integrity. This is essentially different from the "principle of one China in the historical, traditional, and cultural sense" articulated by Taiwan. Without national sovereignty and territorial integrity, cross-strait political talks are out of the question. Upholding the one-China principle and firmly opposing "Taiwan independence," "two Chinas," and "one China, one Taiwan" are the Chinese Government's principled stand on resolving cross-strait issues; this stand will never waver. Only within the context of this major principle can any issues be discussed, including all matters of concern to the Taiwan authorities. We insist on this point not because we want to set any conditions for holding talks but because defending the integrity of national territory and sovereignty serve the Chinese nation's best interests, and constitute the prerequisite and basis for cross-strait political talks.

(2) Representative figures from various political parties and organizations on both sides of the Taiwan Strait may be invited to cross-strait political talks.

Regarding the interlocutors in cross-strait political talks, General Secretary Jiang Zemin, in his speech, solemnly proposed that "the two sides of the Taiwan Strait hold talks on peaceful reunification"; he did not suggest "peace talks between the Kuomintang and the CPC." Faced with the current developments in the island's political situation, he evidently demonstrated a pragmatic [wu shi 0523 1395] spirit, sincere [cheng ken 6134 2017] attitude, and genuine [zhen cheng 4176 6134] wish in promoting and advancing cross-strait political talks. During the process of cross-strait talks on peaceful reunification, representative figures from various political parties and organizations on the two sides of the Taiwan Strait may be invited to the talks. The Chinese Communist Party and Government are also willing to exchange views with various political parties and people from various circles on the island regarding cross-strait relations and peaceful reunification; and they are welcome to visit their motherland in Mainland China. The various political parties in Taiwan mentioned here certainly include opposition parties. This approach fully reflects the consistent principles and policies of the Chinese Communist Party and Government that call for "placing even greater hopes on the people of Taiwan."

(3) Cross-strait political talks can be held in stages and in a step-by-step manner. The first step is to formally end the hostile state across the Taiwan Strait under the one-China principle.

China's peaceful reunification is a great undertaking that is arduous and heavy. As a necessary step and means for reunification, cross-strait political talks are bound to be tortuous and complicated, and cannot possibly be accomplished at one fell swoop. For this reason, cross-strait political talks can be held in stages and in a step-by-step manner. First, we must eliminate the chronic, hostile state across the Taiwan Strait. This is the starting point for achieving cross-strait peace. General Secretary Jiang Zemin, therefore, suggested in his speech: As a first step, the two sides may hold talks on "formally ending the hostile state across the Taiwan Strait under the one-China principle," and reach an agreement. On this basis, they should jointly undertake to safeguard China's sovereignty and territorial integrity, and devise plans regarding future developments in cross-strait relations. As a second step, they may discuss the issue of how to achieve reunification progressively. This proposition, wherein lies the breakthrough point for resolving contradictions, is not only timely but is also entirely consistent with the vital interests of compatriots on both sides of the Taiwan Strait. For both sides, now is the best time for ending the hostile state across the Taiwan Strait, and this is something that they cannot avoid. The two sides of the Taiwan Strait can turn hostility into friendship and jointly create a new situation for their relations only if they hold political talks at an early date, end their hostile state, eliminate obstacles, and march together toward reunification. We hope that this proposal will become a reality at an early date, and help create a harmonious atmosphere for cross-strait relations and advance the great cause of reunifying the motherland more expeditiously.

(4) Consultations are to be held on the basis of mutual respect and equality; foreign forces are not allowed to intervene or interfere in cross-strait political talks.

Reunification between the two sides of the strait is China's internal affair; therefore, it should naturally be solved by Chinese people themselves. Foreign forces are not allowed to intervene or interfere in this issue—this is the Chinese Government's long-held stand. As a matter of fact, the "Wang-Gu" talks have proved that, with the Chinese people's wisdom, the two sides can find a suitable way to completely solve the issue as long as they sit down to talk it over. This is also true for high level leaders of the two sides to meet—there is no need to use an international occasion for such a meeting, which will artificially complicate the issue. Regarding the name, place, form, and other matters concerning the political talks, General Secretary Jiang Zemin, in his speech, proposed "consultations on an equal basis" to solve the issue. This proposal is a very creative idea. Since they are talks, the status of representatives of the two sides are equal. During the process of the talks, the two sides should give primary consideration to the overall situation; and should adopt a pragmatic attitude of equality, mutual trust, and making concessions for each other. They may first avoid sensitive issues, and slowly proceed to more complicated issues after they have understood

[liao jie, li jie, liang jie, 0055 6043 3810 6043 6156 6043] each other better and have gained greater trust toward each other through constant contacts and consultations. As long as the two sides are sincere and follow the principle of proceeding from easy to more difficult issues, we believe that breakthroughs will gradually be made in political consultations between the two sides.

General Secretary Jiang Zemin's eight-point proposals in his speech on the Taiwan issue not only are a complete and systematic summing up by the CPC and the Chinese Government of the development of cross-strait relations over the last decade and more, they constitute a new starting point for advancing the process of the motherland's peaceful reunification, and a programmatic historical proclamation for realizing the great cause of national reunification. This solemn proposal and assurance is sincere and earnest, fair and reasonable, and practical and feasible. It manifests the Chinese Communists' great sincerity and pragmatic attitude for realizing national reunification, and expresses the wish of Chinese people on both sides of the strait for reunification. We

hope the Taiwan authorities will seriously consider it and go to the negotiation table as soon as possible.

On the issue of political peace talks between the two sides, the door of the CPC and Chinese Government is wide open. Holding talks is at least better than dragging things on, and holding talks early is better than doing so late. The higher the level of talks and the more talks we hold, the easier things will be solved. The Taiwan authorities should not worry about this; particularly, they should not again lay obstacles and set conditions for holding talks. Holding talks itself is a means, so we should not set preconditions for using means. The opportunity should not be missed, and time does not wait for us. Taiwan should grasp this turning point and should not be hesitant. It should squarely face and cherish this opportunity with a pragmatic attitude and a spirit of being responsible for the people on both sides of the strait and for history, and should not artificially drag on and delay the historical process of China's reunification.

**Navy Confirms Firing on Spratlys 'Intruder'***OW0704020695 Taipei CNA in English 0124 GMT 7 Apr 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, April 6 (CNA)—The ROC Navy headquarters confirmed Thursday [5 April] that its troops fired on a fishing boat intruding into waters off Taiping Island, the largest in the South China Sea, on March 25.

In a written statement to the press, the Navy did not identify the nationality of the foreign ship, saying only that the intruder was a mid-size fishing vessel.

Troops stationed on Taiping Island kept a close watch on the intruder after it entered a restricted zone, some 4,000-6,000 meters from the island's shore, on the afternoon of March 25, the Navy pointed out.

It said the Taiping troops fired four shells at the intruding ship when it defied repeated warnings and closed to within 3,700 meters of the island.

Vietnam's acting representative to Taiwan, Dao Duc Chinh, filed a protest with the ROC Government on April 3 alleging that Taiwan troops stationed on Taiping Island fired on a Vietnamese supply ship on March 25.

The protest was rejected by ROC Vice Foreign Affairs Minister Fang Chin-yen, who said the expulsion of foreign vessels from ROC territorial waters is justified.

The Spratlys, a group of reportedly oil-rich isles, reefs and atolls, are claimed wholly or in part by the Chinese mainland, Philippines, Brunei, Malaysia, Vietnam and Taiwan.

**MAC Official: Cross-Strait Talks To Increase***OW0704032795 Taipei CNA in English 0204 GMT 7 Apr 95*

[By Bear Lee]

[FBIS Transcribed Text] Taipei, April 6 (CNA)—The frequency of negotiations between Taiwan and Mainland China will likely increase in the future, a ranking official with the Mainland Affairs Council said Thursday [6 April].

Jan Jih-hong [name as received], director of MAC's Department of Research and Planning, said that the current frequency of talks, every three months, has not been able to efficiently solve problems arising from increasing cross-Strait exchanges.

So far, delegates from Taiwan's Straits Exchange Foundation (SEF), a civilian organization authorized by the government to handle cross-Strait exchanges, have met their mainland counterparts from the Association for Relations Across the Taiwan Strait (ARATS) for 11 rounds of negotiations—including a historic meeting

between the SEF Chairman Ku Chen-fu and ARATS Chairman Wang Daohan, in Singapore in April, 1993.

Jan said that the new plan came in response to Premier Lien Chan's recent call for cross-Strait ties to enter an "era of negotiations."

The MAC said last month that government officials from relevant agencies will be involved in future negotiations with the mainland to increase the efficiency of the talks.

Meanwhile Ku said that he will again suggest to the mainland that the eighth round of cross-Strait technical talks be held in Taipei in late April or early May.

ARATS last week rejected a SEF proposal that Taipei host the talks, demanding a pre-talk discussion on the issue.

Ku said that according to a previous agreement on talk protocol, Taipei should host the next round of negotiations. Beijing hosted the most recent round of technical talks in late January.

**Taipei Studies Suggestions for Unification***OW0704021395 Taipei CNA in English 0130 GMT 7 Apr 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, April 6 (CNA)—A top government official Thursday [6 April] called for suggestions on how to promote ties between Taiwan and Mainland China and eventually lead to the unification of China.

"It is an uphill task to turn the bilateral hostilities that have lasted for more than four decades into peaceful coexistence," Wu Poh-hsiung, secretary-general to President Li Teng-hui, said at the opening of a preparatory conference for a meeting of the National Unification Council.

Wu noted that the intransigence of the Chinese Communist Party remains a major stumbling block to cross-Taiwan Strait rapprochement.

"What we are dealing with is the Chinese Communist Party, which is not only adhesive to its ideology but good at maneuvering struggle strategies and tactics," he explained.

"Under the circumstances," Wu pointed out, "evaluation of the delicate cross-Strait situation and recommendations regarding existing mainland policy and the unification of China are the major tasks for council researchers."

Thursday's [6 April] meeting, which drew 22 researchers, was presided over by Raymond Tai, deputy presidential secretary-general.

The participants heard a work report by Tai, a situation analysis by national security bureau director Yin Tsung-wen and a report on Taiwan-mainland ties by Mainland Affairs Council Deputy Chairman Kao Koong-lian.

The agenda for the National Unification Council's session on Saturday was also discussed.

President Li Teng-hui, the council's chairman, is expected to deliver a speech Saturday in which he will formally respond to mainland Chinese President Jiang Zemin's recent peace overtures toward Taiwan.

#### **Government Considers Visits by Mainland Officials**

*OW0704095595 Taipei CNA in English 0848 GMT 7 Apr 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, April 7 (CNA)—Mainland Chinese officials in charge of Taiwan affairs may be able to visit Taiwan in the near future, the cabinet-level Mainland Affairs Council (MAC) said Friday [7 April].

Although mainland officials in charge of Taiwan affairs are presently barred from entry to Taiwan, the government is considering allowing such visits to facilitate cross-Taiwan strait rapprochement, MAC officials said.

The MAC is charged with chartering the government's policy toward Mainland China.

Changes to the policy were mulled after the Beijing-based Association for Relations Across the Taiwan Strait (ARATS) requested increased cross-strait cultural and educational exchanges. In its request, ARATS sent a proposed list of delegates for the cultural exchange, many of whom were mainland officials responsible for Taiwan affairs.

SEF [Strait Exchange Foundation] [as received] and ARATS are intermediary groups set up by their respective government to handle civilian exchanges.

MAC officials said they are studying the merits and demerits of allowing the officials to visit Taiwan. They emphasized that any policy change will come only after serious consideration.

They noted, however, that the government encourages expanding non-official contacts with the mainland and the policy will most likely be revised.

#### **Foreign Ministry Considers More Visa-Free Service**

*OW0704033895 Taipei CNA in English 0137 GMT 7 Apr 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 6 (CNA)—The Ministry of Foreign Affairs is considering extending visa-free service to more friendly countries, a ministry spokesman said Thursday [6 April].

The ministry has invited relevant government agencies and representatives of the local tourism business to a seminar Friday on the new policy, Rock Leng said, adding that discussions will focus on the possibility of extending the current 14-day visa-free treatment and applying the measure to more foreign countries.

The Foreign Affairs Ministry extended five-day visa-free service to visitors from 12 nations in January 1994. The service was later extended to 14 days and has successfully helped attract more foreign tourists to Taiwan. The 12 nations are Australia, Austria, Belgium, Britain, Canada, France, Germany, Japan, Luxembourg, the Netherlands, New Zealand and the United States.

#### **Chien Fu Receives Nicaraguan Envoy's Credentials**

*OW0704034295 Taipei CNA in English 0116 GMT 7 Apr 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 6 (CNA)—Salvador Stadthagen Icaza [name as received], the new Nicaraguan ambassador to the Republic of China [ROC], presented a copy of his credentials to Foreign Affairs Minister Chien Fu Thursday [6 April].

Stadthagen arrived in Taipei Wednesday to replace Roberto Parrales Sanchez. He will present his credentials to president Li Teng-hui within a few days.

Stadthagen, 38, served at the Nicaraguan Education Ministry and Nicaraguan Embassy in ROC before coming to Taipei.

#### **Preparations for WTO Being Stepped Up**

*OW0704111595 Taipei CNA in English 0949 GMT 7 Apr 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 7 (CNA)—Taiwan is stepping up preparations for its accession to the World Trade Organization (WTO).

As part of that effort, Vice Premier Hsu Li-te and several other senior officials will meet with legislators April 12 to solicit their support for government positions on some issues that still hinder Taiwan's WTO entry.

This will be the first time that Hsu, head of the cabinet WTO strategy panel, has called such a meeting to seek breakthrough in Taiwan's WTO bid.

The WTO working party screening Taiwan's membership application is scheduled to meet again in Geneva in mid-May to discuss Taiwan's entry protocol.

"We must set our bottom lines for some unsolved issues to ease our entry into the world trade regulatory body," an executive yuan official said.

Taiwan applied to join the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), in 1990. It was awarded observer status in September 1992 and hopes to become a full WTO member by the end of June.

Taiwan has completed WTO membership talks with several countries, including South Africa, but has failed to come to terms with some major trade partners on several tariff and non-tariff trade issues.

Among others, Taiwan's negotiations with the United States have been stalled by alcohol and tobacco trade issues, including advertisements, handling of seized contraband alcohol and cigarettes and tax rates.

Lin Yi-fu, director-general of the Board of Foreign Trade (BOFT), said Taiwan hopes to hold a new round of WTO entry talks with the U.S. later this month to mend differences on tobacco and alcohol, farm trade and government procurement issues.

Lin said the government has agreed to ease restrictions on alcohol advertisements in print media, but regulations on tobacco ads will remain unchanged.

Under current Taiwan rules, all seized contraband alcohol and tobaccos must be destroyed. After its entry to the WTO, Taiwan hopes to follow U.S. methods in handling smuggled tobacco and alcoholic products. In America, contraband tobacco and alcohol can either be destroyed, auctioned, exported or donated to non-[word indistinct] organizations.

However, American authorities insist that Taiwan continue its current practice and destroy all smuggled alcohol and cigarettes. Lin said Taiwan will not compromise on this issue.

#### **Jordan, UAE To Send Trade Delegations 'Soon'**

OW0704095795 Taipei CNA in English 0927 GMT 7 Apr 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, April 7 (CNA)—Jordan and the United Arab Emirates (UAE) will send economic and trade delegations to Taiwan soon to discuss cooperation projects with the Republic of China (ROC).

Manager Paul Chang of the Kuang-Hwa Investment Co. announced the visits Friday [7 April] after returning to Taipei from the Middle East.

Jordan is seeking Taiwan's cooperation in development of the mineral-rich Dead Sea. Dead Sea minerals can be used in industry and made into detergents or fertilizers, Chang pointed out.

The Jordan Government attaches great importance to the Dead Sea development project, Chang said, adding that the Jordan delegation will seek to better understand Taiwan's investment willingness during their visit.

It is estimated that developing the Dead Sea will cost some US\$100 million.

The UAE will also discuss industrial cooperation with Taiwan, with an emphasis on technology transfers, Chang said. He added that the UAE is seeking Taiwan's assistance in building its industrial infrastructure.

Kuang-Hwa Investment Co. is a Kuomintang-affiliated company and has long been mapping out investment projects in the Middle East to boost bilateral cooperation between Taiwan and the region, Chang said.

Due to the tight schedules of the delegates, Chang said, there will be no time for detailed discussions or signing of agreements. Nevertheless, Taiwan will continue to promote concrete cooperation projects with Jordan and the UAE, he added.

Meanwhile, Jordan's Transportation Minister Samir Qa'war said Thursday that friendly ties between the ROC and Jordan have been enhanced by President Li Teng-hui's recent visit.

Jordan is working to develop its transportation infrastructure and seeks Taiwan cooperation in railway and airport construction, Qa'war pointed out.

Qa'war hosted a luncheon for Li during Li's visit. The two reportedly discussed possible cooperative items during the luncheon.

Qa'war said ROC Vice Economic Affairs Minister S.J. Li will lead an official delegation to Jordan April 19 for further discussion of possible cooperation.

Qa'war also said Jordan wants to increase its trade volume with Taiwan and hopes to attract Taiwan investment. Two-way trade between Taiwan and Jordan totaled US\$82 million last year with Taiwan enjoying a trade surplus of US\$38 million.

#### **Scientific Cooperation With Britain To Improve**

OW0704095695 Taipei CNA in English 0843 GMT 7 Apr 95

[By Nelson Chung and Debbie Kuo]

[FBIS Transcribed Text] London, April 6 (CNA)—The Taiwan-Britain trade and economic consultative meeting concluded Thursday [6 April] with both sides agreeing to strengthen cooperation in various fields, particularly industrial and scientific technologies.

The two sides, led by ROC Vice Economic Affairs Minister Sheu Ke-sheng and his British counterpart Christopher Roberts agreed to boost bilateral investment and cooperate to jointly tap markets in third countries.

The British authorities agreed to seal cooperative ties with Taiwan's environmental protection administration and will regularly inform the administration about British Government policies on environmental protection projects and exports of related equipment and know-how.

The Technology Partnership Initiative (TPI) program, pioneered by British Prime Minister John Major at the Rio Earth Summit in June 1992, has also targeted Taiwan and 40 other newly emerging economies for cooperation in environmental protection projects and exports of related technologies.

Meanwhile, the Taiwan delegates asked for Britain's support for Taiwan's Asia-Pacific business operations center plan.

Britain, the most popular European nation among Taiwan investors, hoped that Taiwan businesses will continue relocating their overseas operations in Britain.

The ROC delegates also asked British authorities to support Taiwan's bid to join major world organizations, including the Customs Cooperation Council (CCC), International Maritime Organization (IMO), and World

Intellectual Property Organization (WIPO). If Taiwan cannot become a full member, it hopes to participate as an observer.

The two sides discussed the feasibility of holding a sci-tech cooperation meeting in Taipei later this year, paving the road for more British technology in Taiwan and Asia.

Representatives from the British Technology Group, which groups owners of thousands of state-of-the-art technologies, and British Nuclear Electric, which has cutting-edge nuclear power generation technologies, expressed interest in entering cooperation projects with their Taiwan counterparts.

British Nuclear Electric is currently teaming up with Westinghouse of the United States for a bid to win contracts for construction of the fourth nuclear power plant in Taiwan. The contracts may fetch the British firm orders worth more than US\$1.6 billion, according to Chen Chao-yi, a department chief at the Ministry of Economic Affairs, who was a member of the Taiwan delegation.

In addition, Taiwan hopes that the engineer secondment program currently being implemented in Japan will be expanded to Taiwan this year, the British officials said.

**Hong Kong****Continuing Media Coverage of Joint Group Talks****Beijing Rejects Timetable**

OW0604132995 Beijing XINHUA in English 1307  
GMT 6 Apr 95

[FBIS Transcribed Text] Hong Kong, April 6 (XINHUA)—Zhao Jihua, senior representative of the Chinese team on the Sino-British Joint Liaison Group (JLG), said here today that the Chinese side will not accept any timetable imposed on the talks on Hong Kong's Court of Final Appeal.

At the second day of the 32nd JLG meeting today, he said that there should be no timetable for the agreement on the issue between the Chinese and British governments.

He noted that the establishment of the Court of Final Appeal must comply with the Basic Law of the Hong Kong Special Administrative Region (SAR) and he urged the British side to abide by the agreement on Hong Kong's Court of Final Appeal reached in 1991.

He said that the Chinese side had been expecting the implementation of the 1991 agreement on the Court of Final Appeal. Its delay was not caused by the Chinese side.

Today's meeting lasted about five hours during which the Chinese and British sides had an in-depth exchange of views on a number of subjects.

Some progress was made at the meeting on different subjects, Zhao Jihua said.

He said he believed that the two sides will find proper solutions to some outstanding problems through joint efforts.

Zhao disclosed that the JLG experts will meet later this month to discuss the question of Hong Kong's Court of Final Appeal.

**Government To Hold Appeal Bill**

HK0704101895 Hong Kong HONGKONG STANDARD  
in English 7 Apr 95 p 2

[By Flora Wong and Laura Chan]

[FBIS Transcribed Text] The government plans to hold the draft Court of Final Appeal (CFA) Bill until "the last moment" to secure Beijing's blessing before the Legislative Council is dissolved on 25 July.

The disclosure came from a senior government official yesterday at a Joint Liaison Group (JLG) meeting on this and other issues—apparently with no progress made on the topic.

Declining to say whether the government would unilaterally push the bill through the legislative process, the

local official said China would find it difficult to make good its threat to dismantle a Court of Final Appeal set up before 1997.

"There is a limited pool of candidates for judges," the official said.

"Even if the Chinese government wants to set up a new Court of Final Appeal, they will not have much of a choice."

Joint Liaison Group Chinese team leader Zhao Jihua said yesterday the British should not impose any time constraints on the Chinese over the issue.

His comments came before the second day of the 32nd round of JLG meetings held yesterday.

"The 1991 agreement was signed because we want the court to be set up soon but the matter has been delayed. The responsibility does not lie with us," Mr Zhao said.

"Our position is consistent. There should not be any time constraints before discussion and agreement."

After the meeting, British team leader Hugh Davies described the discussion as "businesslike".

But it emerged that talks on the CFA issue had made no progress at all.

Mr Davies said: "We have not made as much progress as we would have liked, but we have another day to go and I hope we will have some achievements to announce tomorrow after the meeting."

Mr Davies said there were still differences of opinion over various issues, including the Court of Final Appeal, but declined to give details.

Mr Zhao said it was the work of both sides to resolve some "old problems".

The talks will end today and the both sides [as published] will hold separate press conferences.

Meanwhile, Governor Chris Patten yesterday urged the Chinese to respond as early as possible to the CFA issue.

"The CFA is one of the issues on which we would like to see greater progress," he said.

"I said earlier that we were very puzzled about why an issue which is of such fundamental importance to Hong Kong seemed to be taking so much time on the Chinese side."

Preliminary Working Committee member David Chu said the Hong Kong government's speculation that the Chinese could hardly dismantle the CFA was "provocative".

"The Chinese side has a good record on keeping its word," he said.

### Meeting Issues Communique

OW0704105195 Beijing XINHUA in English 1023  
GMT 7 Apr 95

[FBIS Transcribed Text] Hong Kong, April 7 (XINHUA)—The Sino-British Joint Liaison Group (JLG) held its 32nd meeting in Hong Kong from April 4 to 7, 1995.

According to a joint communique, issued at the end of the meeting, the group had a discussion about matters relating to Hong Kong's international rights and obligations; Hong Kong's air services, agreements and renewal of air services arrangements between Hong Kong and Taiwan; the Transfer of Government; civil service matters; the defense of Hong Kong and public order; franchises and contracts extending beyond 1997 and related matters including reclamation plans, the railway development strategy and Container Terminal No. 9.

The three-day discussion also covered Hong Kong's sewage disposal scheme; investment promotion and protection agreements between Hong Kong and relevant countries; surrender of fugitive offenders agreements between Hong Kong and relevant countries; mutual legal assistance in criminal matters between Hong Kong and certain countries; the reciprocal enforcement of judgments between Hong Kong and foreign countries.

Other subjects on the meeting involved localization of laws, adaptation of laws; the Court of Final Appeal; the implementation of the provisions of the Joint Declaration relating to the right of abode in Hong Kong after 1997; visa abolition agreements; retirement protection and social welfare and Vietnamese Migrants in Hong Kong including boat people and refugees.

The communique said that the next JLG meeting will take place at a time and location to be agreed by the two sides.

### Meeting Ends Without 'Breakthrough'

OW0704105595 Beijing XINHUA in English 1030  
GMT 7 Apr 95

[FBIS Transcribed Text] Hong Kong, April 7 (XINHUA)—The 32nd meeting of the Sino-British Joint Liaison Group (JLG) ended in Hong Kong today without major breakthrough.

At a press conference, Zhao Jihua, Senior Representative of the Chinese team on the JLG, said that the subjects of the meeting were broader than ever before and the two sides have achieved some progress in discussion on specific subjects.

Zhao said that the two sides agreed to further discuss the preparation work for the issuing of the passport of the Hong Kong Special Administrative Region after July 1, 1997.

However, he noted, the Chinese side was disappointed at the meeting's failure to reach agreements on some old

questions including transfer of the information and files of the civil servants, plans for reclamation projects at Victoria Harbor, and Container Terminal No. 9.

On the issue of the Court of Final Appeal, Zhao stressed that the delay in the implementation of the 1991 agreement on the issue was not caused by the Chinese side.

He said that although the British side has refused to commit itself to not taking unilateral action before the two sides reach agreement, the Chinese side still agreed to hold the next round of JLG talks on the Court of Final Appeal on April 24.

He said that the Chinese side hopes to enhance cooperation so as to solve the major issues before long.

### Editorial Views Talks

HK0704102095 Hong Kong EASTERN EXPRESS in English 7 Apr 95 p 14

[Editorial: "Group Therapy That Cures No Ills"]

[FBIS Transcribed Text] As the curtain comes down today on the third and final day of the 32nd round of talks of the Sino-British Joint Liaison Group (JLG), one is left wondering if anything meaningful will ever emerge from JLG proceedings.

To date, there has been nothing to write home about, and the prospects look none too bright in the future, as well.

Long on rhetoric, but short on substantial achievements, the JLG keeps bobbing and weaving like a punch-drunk fighter in a shadow-boxing exhibition.

With little more than 800 days left in the countdown to the transfer of sovereignty, the group has done little more than waffle. It has not once come to grips with the score of crucial transitional issues it must resolve before June 30, 1997.

Among the host of items to be addressed are a draft bill to set up the court of final appeal, the container terminal nine project, multilateral agreements and the issue of the right of abode for Hong Kong citizens. Other subjects include various budgets, and the transfer of Government archives and civil service files.

Specialist budget talks last month failed to yield fruitful results. The two sides are locked in arguments over the degree of China's involvement in the pre-1997 Budget.

Likewise, there has been no progress in convening meetings for the working group that will study the handover of archives and civil service officers' files.

Equally critical are the controversial sewage scheme, technical matters over the transfer of defence sites, and bilateral agreements such as air-service agreements.

The official British assessment on the eve of the latest round of talks was that there would be no breakthrough on any particular issue.

Judging by past discussions, one official said, the British side had low expectations.

"That is because we know the position of the other side," the official said. "There is going to be a lot of discussion, but no decision. We will be pleasantly surprised if we get any big ticket item out of this."

The official was dead right.

Worse still, the latest round of talks, in the view of some, was held in an atmosphere poisoned by China's naval incursion and arrests in Hong Kong waters, and the impasse over the court of final appeal.

All of this is frustrating and self-defeating because the JLG is not measuring up to its terms of reference.

It was conceived originally as a vehicle that would ensure a smooth transition by enabling the British and Chinese sides to work out diplomatically and in a civilised manner their mutual problems in the best interests of Hong Kong before its eventual handover.

What has materialised instead is a monstrous caricature of the original concept.

Instead of becoming a meeting ground for minds and ideas, the JLG has degenerated into a forum for mutual mud slinging and insult trading, real and imaginary.

Its meetings are marred by petty squabbles aimed at scoring meaningless "points".

As a functional organisation it has become both toothless and void of backbone, a totally ineffectual body that is developing into something of a joke.

At least this is the perceived view of those who have grown tired and cynical of JLG's posturings and pathetic pronouncements.

Good, bad or indifferent, the reality is that the JLG is all that Britain and China have as a meeting place to devise a safe and satisfactory transfer of sovereignty.

It is now up to both sides to make the JLG the meaningful instrument it was designed to be.

A short while ago, a spokesman for Britain's Foreign Office, Bill Dickson, said the two sides had, in fact, gained a better understanding of each other's views. He added: "Naturally, we very much hope that the results... will be substantial and measurable."

While no one is expecting overnight miracles, both parties owe it to themselves to take a deep and hard look at the JLG to decide how best to make it work for a mutual goal without compromising the future stability and prosperity of Hong Kong.

For its part, the public should pressure both sides to work in mutual trust and to employ some give and take.

In the final analysis, Hong Kong's people should become the push behind a safe passage for the long stalled through-train to 1997 and beyond.

The JLG, therefore, should be reinvested with a vision and mission to meet the challenge ahead for Britain and China in the larger interests of Hong Kong.

#### Commentary Reaffirms Basic Law

OW0604140695 Beijing XINHUA Domestic Service in Chinese 0245 GMT 5 Apr 95

["Commentary" by XINHUA reporter Shao Quan (6730 3123): "It Must and Will Be Implemented—Celebrating the Fifth Anniversary of the Promulgation of the 'Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China'"]

[FBIS Translated Text] Hong Kong, 5 Apr (XINHUA)—Will the "Basic Law of the Hong Kong Special Administrative Region [SAR] of the People's Republic of China" formulated by the National People's Congress [NPC] be implemented to the letter after Hong Kong rejoins the motherland? Will there be any "changes" to the principles and policies spelled out in the Basic Law that require the Chinese Government to implement the principle of "one country, two systems," to let "the people of Hong Kong govern Hong Kong," and to permit "a high degree of autonomy" in Hong Kong? Will Hong Kong's previous capitalist system and way of life remain "unchanged?" Today, on the fifth anniversary of the Basic Law's promulgation, people can draw on a wealth of facts to pass judgment and provide answers regarding these questions that are closely followed by Hong Kong compatriots and even by the international community.

As 1997 draws nearer, more and more Hong Kong compatriots are full of confidence that the Basic Law will be implemented after 1997. They believe that Hong Kong's previous capitalist system and way of life will remain unchanged after 1997, and that the only change will be in the way the people of Hong Kong become the territory's rulers instead of being subject to colonial rule. Some Hong Kong compatriots, however, doubt whether Hong Kong can really handle its affairs in accordance with the Basic Law after 1997. It is not surprising that things have come to this pass. If anything, this state of affairs does show that our Hong Kong compatriots support the Basic Law; otherwise, they will not be worrying about its implementation. It is only because they are influenced by some erroneous media guidance, and because they are not quite familiar with the Basic Law that they have developed all kinds of doubts.

In reality, the process of the Basic Law's formation, and facts during the five years since its promulgation, are enough to prove that these doubts are unnecessary:

—During the four-year-plus process of drafting the Basic Law, the drafting committee released, for purposes of canvassing opinions, the draft Basic Law that it had drawn up after careful investigations and study. Over

a period of five months, it sought the opinions of people from all walks of life in Hong Kong and on the mainland. It submitted the draft to the NPC Standing Committee after making more than 100 amendments and voting on each amendment. The NPC Standing Committee, in turn, promulgated the draft and extensively canvassed opinions in both territories during an eight-month consultation period. Based on the opinions of all quarters, the drafting committee then tabled 24 bills for amendments and voted on each of them before submitting the draft to the NPC for examination and approval. Whether in China or elsewhere, seldom has a law been drafted with so serious an attitude and so much effort on so extensive a democratic basis. This fully demonstrates China's sincerity in resolutely implementing the Basic Law in Hong Kong.

- Not only was the Basic Law drafted with the full participation of people throughout the country—including Hong Kong compatriots—but it was examined and approved by the NPC, which is the highest organ of state power. It embodies the wishes of people across the country, including Hong Kong compatriots. Therefore, no individuals, organizations, and forces can hinder its implementation.
- Hong Kong serves as a "window" through which China opens to the outside world, as well as a "bridge" through which Chinese markets are accessible from overseas. It is necessary to maintain Hong Kong's stability and prosperity in the interest of economic development in Hong Kong and in other parts of the country. Implementing the Basic Law, and maintaining Hong Kong's previous capitalist system and way of life for 50 years are conducive to Hong Kong's stability and prosperity; they are consistent with the fundamental interests of Hong Kong compatriots and people throughout the country. There is no reason that the Chinese Government will not implement the Basic Law in Hong Kong.
- The principle of "one country, two systems" is the Chinese Government's basic national policy, a basic principle for solving the Hong Kong issue, and a ladder leading to the motherland's peaceful reunification. This great concept will first become a reality in Hong Kong on the day the Basic Law takes effect. This will not only contribute to Hong Kong's stability and prosperity but will also have a demonstration effect. Therefore, there is no reason the Basic Law will not be implemented in Hong Kong after 1997.
- Before the Basic Law was formulated, the Chinese Government solemnly proclaimed its basic principles and policies on Hong Kong to the international community in the Sino-British Joint Declaration. As far as the Chinese Government is concerned, to implement or not to implement the Basic Law is to abide by or not to abide by the Sino-British Joint Declaration. It is common knowledge that the Chinese Government has

always taken its international reputation seriously, and has strictly implemented all international agreements it has signed. In implementing the Basic Law, the Chinese Government will keep its promises and act resolutely.

If these ample reasons cannot dispel some people's doubts, consider the facts that have occurred during the five years since the Basic Law was promulgated.

Since the Basic Law will not take effect until 1 July 1997, are there any facts that indicate its future implementation? Certainly. There are facts that show whether the Chinese Government upholds the principle of convergence with the Basic Law in managing Hong Kong affairs during the transition period before it resumes the exercise of sovereignty over Hong Kong. The purpose of "convergence" is implementation. The touchstone for determining whether the Basic Law will be implemented after 1997 is whether or not the principle of convergence with the Basic Law is upheld. During the five years since the Basic Law was promulgated, the Chinese Government has always upheld the principle of convergence with the Basic Law in managing affairs that take place during Hong Kong's transition period.

The Basic Law clearly states that Hong Kong's previous social and economic systems should remain unchanged after 1997, and that its laws should remain basically unchanged. Even people with little knowledge of grammar understand that the word "previous" denotes the past. The systems referred to here are those that had been in place in Hong Kong before the Sino-British Joint Declaration was signed. Because the British Government changed its policy toward China after 1989, however, Chris Patten unilaterally introduced substantial changes to Hong Kong's previous political system, financial policy, and legal provisions after he was appointed Hong Kong's governor in 1992. Since the functional seats of Hong Kong's Legislative Council are elected by functional constituencies, the Basic Law states that 30 members of the first, post-1997 Legislative Council will be elected by functional constituencies. The "constitutional reform package" unilaterally introduced and implemented by Chris Patten, however, abolishes elections by functional constituencies and replaces it with direct elections in disguised form. Since Hong Kong has followed the principle of keeping expenditure within the limits of income in drawing up its budget, the Basic Law stipulates that the Hong Kong SAR should follow the same principle in drawing up its budget, strive for a fiscal balance, avoid deficits, and keep the budget commensurate with the growth rate of its gross domestic product. In recent years, however, the British Hong Kong authorities have gone in for deficit spending in violation of this principle. Chris Patten has attempted to substantially amend Hong Kong's existing laws under various pretexts. All these practices are contrary to the principle of convergence with the Basic Law. Nonconvergence with the Basic Law means the creation of difficulties that the future SAR Government will encounter in implementing

the Basic Law. Besides bringing substantial changes to Hong Kong's existing systems, Chris Patten has asked the Chinese side not to "change" the things that he has "changed substantially," and to allow them to remain intact after 1997. Obviously, he is urging the future SAR Government to change the Basic Law's principle of "no changes."

Despite the Basic Law's provision for "no changes," the British side has introduced "substantial changes." Faced with this stark contrast, the Chinese Government's determination to implement the Basic Law in Hong Kong after 1997 was tested severely and was proved by facts. In accordance with the principle of convergence with the Basic Law, the Chinese side has sternly criticized the British side each time the latter changes Hong Kong's existing systems. The Chinese side has held the British side fully responsible for the consequences of its actions. Mindful of the fact that the British side is bent on changing Hong Kong's existing three-tier political system, the NPC has specifically decided to reorganize Hong Kong's three-tier political system in accordance with the Basic Law and relevant NPC provisions after 1997. These facts demonstrate the Chinese Government's unflagging determination to implement the Basic Law and the principle of "one country, two systems" in Hong Kong, and to maintain Hong Kong's existing social and economic systems after 1997.

Facts speak louder than words. Can Hong Kong implement the Basic Law to the letter after 1997? Judging by the facts, the answer is: The Basic Law must and will be implemented.

#### **Honorary Titles To Be Instituted in Region**

OW0604141695 Beijing XINHUA in English 1349  
GMT 6 Apr 95

[FBIS Transcribed Text] Hong Kong, April 6 (XINHUA)—A new system for awarding honorary titles to Hong Kong citizens is suggested to be instituted in the Hong Kong Special Administrative Region (SAR).

The suggestion was made at the ninth meeting of the Cultural Panel of the Preliminary Working Committee (PWC) for the Preparatory Committee for the Hong Kong SAR, which ended here today.

The new system, proposed at the two-day meeting, is designed to honor those who have made remarkable contributions to the stability and prosperity of the Hong Kong society, to the reunification of the motherland and its modernization drive.

Those who have made outstanding accomplishments in various fields will also be honored under the proposed new system.

Initial suggestion made at the Cultural Panel meeting is that awardees under the new system must be permanent residents in Hong Kong.

The panel also discussed issues regarding the set-up of the honorary titles, conditions for awarding these titles and the awarding procedures.

The panel agreed that the Justice of the Peace issue should be dealt with separately as the title is different from other ordinary honorary titles.

Justice of the Peace is an honorary title currently awarded to Hong Kong citizens under the British rule. Those who have won the title are often entrusted with certain responsibilities.

It was decided at the meeting that the titles of Justice of the Peace awarded before 1997 shall remain valid in principle after 1997. However, they must be re-awarded by the Chief Executive of the Hong Kong SAR.

As the Justice of the Peace issue involves related laws and ordinances, the panel commissioned some of its members to make further research into the issue.

The panel also suggested instituting honorary titles at the state level in Hong Kong after 1997 as some of the present titles available on the Chinese Mainland do not conform with the actual conditions in Hong Kong.

The Cultural Panel also discussed the participation of the Hong Kong sports organizations in international sports organizations and activities.

The panel held that under the stipulations of the Basic Law, the sports organizations in Hong Kong may maintain and develop their relations with international sports organizations, retain their status in international sports organizations and, if necessary, participate in related activities in the name of "Chinese Hong Kong" after 1997.

The panel suggested that the departments of the central government concerned and the sports organizations on the Chinese Mainland and in Hong Kong take active measures to strive for the status of Hong Kong sports organizations in international sports organizations.

In addition, the panel also studied the issue concerning the promotion and publicity of the Basic Law among Hong Kong citizens.

#### **Chief Secretary Says Leaders 'Indecisive'**

HK0704074195 Hong Kong EASTERN EXPRESS in English 7 Apr 95 p 1

[By Wing Kay Po]

[FBIS Transcribed Text] The Chief Secretary, Anson Chan, yesterday accused Chinese leaders of being indecisive over the Hong Kong court of final appeal because no one in Beijing was in charge of the issue.

She made her remarks at an off-the-record briefing to selected members of the media. Eastern Express, which was not present, received details of the meeting from

another source. Chan's assessment was made on the condition that she not be named.

Chan also spoke about a wide range of issues dealing with Sino-British relations.

Her remarks were interpreted as a belief that no one is willing to risk a policy blunder involving Hong Kong in Beijing because uncertainty surrounds the leadership line-up in the coming post-Deng Xiaoping era.

Chan told journalists she failed to understand why China could not make a decision on the Government's draft bill to set up the court of final appeal (CFA). "Perhaps there's no one up there calling the shots," Chan said.

Her comment is bound to infuriate Chinese leaders, since it comes less than two weeks before a long-awaited meeting in New York between the Chinese foreign Minister, Qian Qichen, and the British Foreign Secretary, Douglas Hurd, to iron out problems on Hong Kong's transition.

Chan added that China declined to respond to the court bill at the specialist meetings held three weeks ago, saying only that further questions needed to be asked. "But when we asked them to give us a list of their questions, they couldn't produce it," Chan said. "I wonder what their problems are?"

Speaking about the proposed visit to Hong Kong next month by Lu Ping, the Director of the Hong Kong and

Macao Affairs Office, Chan made clear that if she and the Governor, Chris Patten, were snubbed, other leading officials were unlikely to meet Lu.

She said Lu had a long-standing invitation to meet Patten.

It would be "inappropriate" for Lu to extend invitations to meet policy secretaries without meeting Patten and herself.

"You wouldn't go if you were in their shoes, would you?"

Chan said contacts between the policy secretaries and their counterparts in Beijing had resumed and she attributed the absence of invitation for her and Patten to "political factors".

When asked about suggestions that Patten should leave Hong Kong to improve Sino-British relations, she said he had taken a lot of flak and had "played the fool" over the row.

Chan also expressed concern about a possible conflict of interest for four Hong Kong advisers named by Beijing to discuss the transitional Budget.

It was the first time a top official had expressed reservations about the four: Nellie Fong, Chung Sze-yuen, Philip Wong and Shau You-bao.

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